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## Aftershocks Slow Rescue Efforts in Yugoslav Quakes

HERCEG-NOVI, Yugoslavia, April 16 (UPI) — A series of strong aftershocks today rumbled along the Adriatic coast of Yugoslavia and Albania, devastated by two earthquakes yesterday that killed at least 200 persons, injured 1,000 and left thousands homeless.

The aftershocks, measuring 4.8 on the open-ended Richter scale, hampered efforts by rescue workers searching for survivors of the quakes. The strongest of the two quakes yesterday was more powerful than the quake that killed more than 1,000 persons in Skopje in 1963. The first shock was followed about 8 1/2 hours later by a second quake that was almost as severe.

The quakes struck a 100-mile area of Yugoslavia and Albania. At least 35 were killed and 330 injured in Albania, according to officials. President Tito of Yugoslavia, who was in the area when the quakes hit, said yesterday that at least 200 persons had been killed.

Initial reports from officials said 10 foreign tourists were among the dead. Rescue workers in Bar, where 30 were killed and 200 injured, pulled away steel and bricks in searching through the debris of the collapsed five-story Agava Hotel.

183,000 Affected

Attempts to transport the injured to hospitals and efforts to provide for 183,000 persons affected by the quakes with food, water and blankets were hampered by the series of aftershocks.

In Herceg- Novi, a resort village 10 miles south of Dubrovnik, 1,000 persons spent the night wrapped in blankets out in the open while others were in cars. Volunteer teams began building tents and prefabricated houses to shelter the homeless. "The material damage here is enormous," Mayor Jorjic Radulovic said. "I can't begin to estimate the cost."

Anka Vukosovic of Belgrade was vacationing with her husband when the quake hit. "I began losing my ground under my feet," she said. "There were all sorts of sounds. My husband and I ran out of the Plaza Hotel along with the other guests. When we looked back it seemed as if the hotel had been flooded through by a knife."



Supporters of Ayatollah Mahmoud Taleghani demonstrate in Tehran to demand greater control of revolutionary committees.

## U.S. to Normalize Ties U.K. Envoy Reopens Offices in Kampala

KAMPALA, Uganda, April 16 (AP) — A British envoy blew three years of dust off a guest book at his High Commission today while Kampala's new rulers struggled to restore order to the looted, battered city.

The whereabouts of deposed President Idi Amin remained a mystery. He was rumored to be in Arua, in the northwestern area from which he comes, or already a refugee in Libya.

In the center of the city, British banker David Brookes surveyed what most observers agreed was the most audacious act of looting in the war. The 6-foot-thick vault door of the main branch of Barclay's Bank had been blown open with plastic explosives and about 24 million Ugandan shillings (about \$350,000) were missing.

Richard Posnett, a special British envoy who had spent 23 years in Uganda when it was a British colony, returned to the High Commission building in Kampala and unlocked the door closed when British severed relations with Marshal Amin in July, 1976.

Except for thick dust the embassy was intact. Ceremoniously, Mr. Posnett blew dust from the guest book and invited a journalist and a soldier to sign.

President Sick

In Washington, the United States announced today that it will normalize relations with Uganda later this week. The United States closed its embassy in Kampala in 1973 because of fears for the safety of its personnel, but it did not actually sever diplomatic ties with the Amin government.

Uganda's new president, Youssef Lule, remained at home with the flu. His ministers found their ministries stripped of books at most shops and homes in Kampala. Civil servants failed to show up because of the Easter holidays. Optimistic officials said they hoped to get to work tomorrow.

Electricity and water were restored to most of the town, although telephones remained dead. Famine was not a problem, with people bringing loads of bananas into the city.

There were reports that Tanzanians were killing some Ugandan soldiers in the city. But it appeared that most surrendering Ugandan soldiers were being released after questioning.

The mood in the city seemed festive, with soldiers and residents pressing to shake visitors' hands. At Mbagha Hospital, medical personnel appeared eager to talk about the horrors they had been unable to discuss under Marshal Amin.

"Before I would have run away from you," said medical assistant Evarist Ntalegane, who said 20 of his relatives had disappeared in the trunks of state research bureau cars. "Now we can talk."

Message for Premier

He added that as the two surrendered, they threw a written message to the police demanding that the premier of Belgium come to the airport and arrange for a plane to fly them out of the country.

Immediately after the attack, the airport was closed to all traffic as police searched its 10 floors for other members of the unit. The search was fruitless, and the airport was reopened after three hours.

The police then raided the Brussels residences of sympathizers of the PLO, informed sources said.

The El Al flight originated in Israel, with a stopover in Vienna before landing in Brussels. The plane, Flight 334, was scheduled to take off shortly and return to Tel Aviv tonight.

## As Guerrillas Rally to Taleghani Foreign Minister Resigns; Iran Leadership Crisis Seen

By William Branigin

TEHRAN, April 16 (WP) — The first defection from Iran's provisional government today sent shock waves through the revolutionary committees under Ayatollah Ruhollah Khomeini, and added momentum to what is fast becoming a government crisis.

Resigning his post as the Islamic republic's first foreign minister, Karim Sanjabi, 75, blamed "disorders created by a government within a government." He apparently referred to interference in the affairs of the government in general, and his ministry in particular, by Khomeini aides and revolutionary committee members.

Potentially more ominous for Ayatollah Khomeini and his entourage, however, was a statement by the Islamic guerrilla group, the Mujaheddin Khalq, which appeared to switch its support from Ayatollah Khomeini to a more liberal religious leader, Ayatollah Mahmoud Taleghani, whose two sons and daughter-in-law were arrested and reportedly beaten by committee militiamen last week.

Ayatollah Taleghani, 72, closed his Tehran office and disappeared into the countryside Friday in protest against the 16-hour detention of his sons and daughter-in-law, who are said to be members or sympathizers of leftist guerrilla groups. The Marxist Fedayeen guerrilla earlier joined the Mujaheddin in condemning the arrests.

Beginning today we will put all our military and political forces at the disposal of Ayatollah Taleghani, with no strings attached," a Mujaheddin statement said.

Call for Support

The statement called on Mujaheddin members throughout Iran to support Ayatollah Taleghani, and said that the organization considered him to be the nation's gaz, or chief judge.

While the statement did not openly criticize Ayatollah Khomeini, or explicitly say that the group was no longer backing him, Iranian observers interpreted it as a significant shift in the Mujaheddin's position. They said that at a minimum, the statement indicated the group no longer recognized Ayatollah Khomeini's predominance over other Shiite Moslem leaders and over the revolutionary regime itself.

Recently the Mujaheddin have been drifting more toward the position of the leftist groups, observers here believe, because of friction with the militiamen of Ayatollah Khomeini.

For the second straight day, thousands of high school and college students organized by the guerrilla groups, notably the Mujaheddin, demonstrated here for the return of Ayatollah Taleghani. The students shouted slogans such as "Down with the reactionaries" and "Freedom, freedom, return of Taleghani."

Ayatollah Taleghani, who suffered torture during 10 years of imprisonment in the Shah's jails, is regarded by the guerrilla groups as the most "progressive" ayatollah, and the one most sympathetic to their goals of creating a "people's army" and a more socialist system.

Mr. Sanjabi today cited the Taleghani incident as a factor that

influenced his decision to resign. He called it a "shock not only to the government but to the entire nation," and said that it indicated "disorders" and "even among the strugglers" against the old regime.

Mr. Sanjabi's main grievance, Iranian sources said, has been what he regards as the interference of Khomeini aides in the affairs of the Foreign Ministry. According to Iranian sources, Mr. Sanjabi had attempted to resign in protest against the state of affairs a month ago, but was dissuaded by Premier Mehdi Bazargan, who has himself threatened to resign.

Meanwhile, revolutionary firing squads today executed eight more former officials condemned by revolutionary courts for crimes under the Shah's regime. That brought the number of officials executed so far to 131.



Karim Sanjabi

## As Foreigners, Natives Adjust After the Fall Tehran: Faint Sense of Freedom

TEHRAN, April 16 (WP) — A picture of a scantily clad go-go girl leaps out of the advertisement in a 1978 guide for visitors. "Tehran's most sensational and exotic nightclub," the ad proclaims, "brings you into the gay world of Paris. Dance till dawn to the fabulous Fado de Maris band."

Nowadays there is no dancing till dawn in Tehran's clubs and discotheques. All have long since been burned down or closed. There are no more scantily clad women, even on beaches along the Caspian Sea. Beaches are segregated by sex under the recently proclaimed Islamic republic.

In fact, most of the features of the new Iran that might not appeal to foreign visitors or to rich, Westernized Iranians. But for the average citizen, it hardly matters. Most of those Western diversions were financially out of reach.

What counts for most Iranians one talks to is a sense of liberation after the regime of Shah Mohammed Reza Pahlavi was swept away two months ago. They do not seem terribly worried about the country's economic problems or the rather undemocratic outlook of the new authorities. At least for now, life is freer than it used to be, and few people long for the old days.

Evidence on Streets

The new sense of freedom is evident when one walks through the streets of Tehran. Knots of people gather around the latest wall posters. In some places the posters, which espouse varied points of view, spark impromptu sidewalk debates. All kinds of literature

are available at sidewalk stalls, from Islamic works to Marxist manifestos, from portraits of Ayatollah Ruhollah Khomeini to pictures of Che Guevara.

Foreigners seldom are harassed on the streets now as they were during the struggle against the Shah. After the evacuation of thousands of foreigners in recent months, the general feeling seems to be that if one is still here, somehow one must be all right.

Even the ugliness of Tehran — an architectural nightmare and city-planning disaster of hodgepodge buildings, prefabricated overpasses and traffic-congested streets — seems easier to take these spring days. Tree-lined avenues camouflage incongruous facades, and breezes waft away some of the smog, affording a better view to the north of the snow-capped Alborz Mountains, the capital's only scenic asset.

But how long Iran's so-called revolutionary spring will last is debatable. For a fair number of Iranians one encounter, it is already not without disappointments.

"Nothing has happened to make me wish the movement had not taken place," one man went to go back to the old days of SAVAK, the Shah's secret police, a 50-year-old professor said. "I only hope the present and future government will let people be free to think and say what they like. Right now there are signs that give you hope and signs that make you fear."

He said that when he walks down the street, Islamic fanatics occasionally shout at him to cut his drooping moustache. (According to Islamic teachings, the hair of a moustache should not hang over the lip.)

In his classroom, he said, some radical students accuse him of having "cooperated" with the old government by having taught under it. He is worried that

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An injured man and a little girl are carried away from Brussels airport lounge after the explosion of a hand grenade and a gasoline bomb by terrorists yesterday and a gun battle with the police.

## Arab Terrorists Strike Brussels Airport

From Wire Dispatches

BRUSSELS, April 16 — An Arab terrorist gang exploded a Molotov cocktail and a hand grenade in the Brussels airport today and fought a gun battle with the police.

Eleven persons were injured, some seriously, officials said. Security forces captured two of the attackers, and began a search for a third and possibly a fourth terrorist who escaped into the crowd at the Zaventem International Airport, which is about 15 miles from central Brussels.

Some reports said one of the dead was a woman, but an airport spokesman said he could not verify that account. He denied reports that authorities here had had advance warning of the attack which took place shortly before 2 p.m.

El Al Airliner

An airport spokesman said the terrorists hurled the firebombs from a mezzanine above the crowded arrivals section, as an Israeli El Al liner landed from Tel Aviv. The line said the attackers apparently intended to strike at the airliner's 160 passengers, but that security was too tight.

They threw a bomb into the transit hall before the passengers arrived, then ran to a nearby snack bar, trading shots with agents of El Al and with Belgian police. The spokesman said that some people were caught in the cross fire and were slightly injured. All of the injured were Belgians.

"Altogether, five people were hurt in the explosion and gunfire and five others were just scratched up a bit," the spokesman said. "Also, one of the two captured gunmen was wounded."

In Beirut, a previously unknown group, the Black March, claimed responsibility for the attack and the Belgian police said that one of the captured terrorists said he belonged to that group, apparently formed to oppose the Israeli-Egyptian peace treaty.

Another airport source said that one of those arrested claimed responsibility for the attack on behalf of the PLO. In Beirut, the PLO disavowed any knowledge of the attack.

Last month the PLO spoke of reviving the Black September terrorist group, to punish Egypt and Israel for signing the peace treaty. The Black September group carried out the Munich massacre of Israeli athletes in Munich in 1972.

Col. Francis de Vos of the Belgian police said that the two who were captured surrendered when one of them was wounded in the shoulder while firing shots into the air. Col. de Vos said that the two were armed with Soviet automatic rifles. He said that both were Palestinians, one from the Israeli-occupied Gaza Strip, and were carrying Lebanese or Iraqi passports.

Message for Premier

He added that as the two surrendered, they threw a written message to the police demanding that the premier of Belgium come to the airport and arrange for a plane to fly them out of the country.

Immediately after the attack, the airport was closed to all traffic as police searched its 10 floors for other members of the unit. The search was fruitless, and the airport was reopened after three hours.

The police then raided the Brussels residences of sympathizers of the PLO, informed sources said.

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## 112 Said Killed In Sahara Battle

CASABLANCA, Morocco, April 16 (UPI) — The latest outbreak of fighting between the Moroccan Army and rebel forces in the Western Sahara has claimed 112 lives, Moroccan officials said today.

The Ministry of Information said that 102 soldiers in the Polisario forces were killed and 49 vehicles destroyed in the battle that occurred Saturday. Morocco reported 10 deaths and 51 injuries from the fighting that took place in the Guelta Zemmur region in the heart of the desert. Fighting in the area last week claimed 123 Polisario members killed and 21 Moroccan soldiers.

## Effective Rebel Network in Refugee Camps Afghan Guerrillas Operating From Bases in Pakistan

By Robert Trumbull

SHAMKHAM, Pakistan (NYT) — An effective network of self-exiled Afghan guerrillas in refugee camps in the tribal areas of Pakistan's remote Baluchistan province appears to be directing the growing revolt against the year-old, pro-Soviet government in Afghanistan.

A system of couriers carries information and orders back and forth between the rebel fighting units in Afghanistan and the planners of the operations at various bases on the Pakistani side of the border, a source involved in the operation said.

Evidence of the network was uncovered in visits to four Afghan refugee camps in Baluchistan province, including two in the narrow frontier belt where the only law is that of the Moslem tribes.

Tentacles of the organization touch dozens of points along the 1,000-mile frontier from the former principality of Chitral, in the Himalayas, to the eroded brown hills and bare plains between Afghan soil and Quetta, a Baluchistan provincial capital whose bazaars purvey a wealth of expensive consumer goods smuggled from Iran and the Gulf states.

Nerve Center

The nerve center of the rebel campaign is at Miram Shah, in the northern Waziristan District of Pakistan's North-West Frontier province, according to the informant, an Afghan. Much of the planning also takes place in or near Peshawar, the capital of the northern province and the nearest major town to Khyber Pass, a strategic gateway between the South Asian subcontinent and Central Asia since the days when silk caravans traveled the route.

Important but less conspicuous links include such out of the way places as two refugee settlements on the plain at Shamkham in the tribal territory about a mile from the Afghan border, where Pakistani and Afghan posts keep watch on each other through the haze of heat and dust that

can have men across the border before Communist agents in Pakistan can get word of their coming by radio to Afghanistan." Col. Izzatullah said that he was one of several officers who had defected from the Afghan Army to join the rebellion.

Six of the officers form an "advisory council" on the direction of the rebellion, he said.

The availability of seasoned army officers in planning the rebel operations gave "a touch of professionalism" to the exercise, said an English-speaking Afghan. "You see," he added, "we aren't all mullahs — an allusion to an impression abroad that the rebellion is led primarily by Moslem religious men who suffered at the hands of the Communists."

All the defecting officers report to a man who is emerging as the central figure in the rebellion. He is an important piri, a hereditary religious leader, named Syed Ahmed Gailani. The Syed in his name translates as a title for descendant of Mohammed.

Mr. Gailani, a man in his middle 40s, is by all accounts the most influential figure on the rebel side and is said to have tens of thousands of active or potential fighters ready to take his orders.

The men around him have a low opinion of the several other dissident groups in Peshawar and put their followers at a maximum of 5,000.

Col. Izzatullah said that he had 7,500 to 8,000 fighting men under his command in southern Afghanistan. They strike police and military units or the homes of government supporters in groups of 10 to 50, he said.

Sketchy Line

A camp leader said that between the Shamkham area and the nearby border, guerrillas formed a sketchy line on the Pakistan side and were sheltered by rocks and high clumps of dust-covered grass.

Afghan patrols lurk along their own side of the border, he said, but beyond them, a short distance inside Afghanistan, there is another line of guerrillas. "There are government agents in many of our camps," said Col. Izzatullah, "but we also have our own agents in every Afghan command."

Col. Izzatullah, as an area commander, is said to have a counter-

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## Despite National Crackdown on Dissidents

## Shanghai Critics Continue Poster Drive

By Fox Butterfield

SHANGHAI, April 16, (NYT) — Despite a national crackdown on political dissidents, angry wall posters demanding more human rights in China and assailing the Shanghai police still are being posted in Shanghai, China's largest city.

The posters appear to be a direct challenge to national and city authorities. Officials in Peking last month banned all further demonstrations and posters critical of the Chinese Communist Party.

A mimeographed poster entitled "Where is Democracy?" charged that the "Shanghai Public Security Bureau is the real criminal in Shanghai, the real cause of trouble in the city." It reported that last month after the crackdown began the Public Security Bureau, or police, had arrested several activists in the city.

Another poster appealed to all those who are dissatisfied with the government's repression of democracy to attend a series of meetings at the Shanghai Workers Cultural Palace.

A large crowd gathered yesterday in the People's Square in the city center to read the posters, past-

ed on a 20-foot-high cement wall. There was no apparent attempt by the authorities to take down the posters, some of which had been up for several weeks, or to stop a number of people from giving impromptu political speeches.

The local government has torn down posters in other parts of the city in accordance with a directive limiting such broadsides to an approved location. It also appears to have ended the prolonged demonstrations by young people in the past three months who were demanding the right to return to Shanghai from their assignments in the country. Some of the demonstrations had led to marches on the city's Communist Party headquarters and had disrupted traffic and railroad service.

But the Shanghai authorities' response to the central government's decision to halt the movement toward greater freedom of expression seems to be more moderate than that in Peking. There the police have arrested several leading activists in sight of Western newsmen and ripped down all posters construed to be critical of the regime.

In part, the difference may reflect Peking's location as the national capital and generally tighter security precautions. But the Shanghai government's continued tolerance of some dissident posters may also be a result of the magnitude of the city's troubles with young people and a deliberate decision not to push the clampdown too harshly.

## More Open Atmosphere

Whatever the explanation, there still are some other signs here of the new, more open atmosphere that began last fall but has run into a conservative backlash from the Communist bureaucracy.

Thrillers showing Western movies were jammed yesterday from the first performance at 11 a.m. They include two Charlie Chaplin films, "Modern Times" and "The Great Dictator," and "Hamlet," with Sir Laurence Olivier.

Despite a number of recent attacks in the official press on decadent Western clothing and lifestyles, women in Shanghai still avidly go to beauty parlors for permanent hair, a lingerie shop displaying pink, mauve and orange brassieres and corsets was packed with customers.

Several of the posters in the People's Square specifically named the Shanghai Public Security Bureau as the enemy of democracy. One, written in bold brush strokes across 14 pages of old newspaper, said simply, "Strongly Resist the Public Security Bureau's Oppression."

## Call for Democracy

The mimeographed poster that criticized the police described itself as the fourth publication by a group named "The Pen of Youth." In the 30 years since the Communists came to power, it said, "We have been struggling for democracy but something might appear strange and laughable. Actually, it is neither strange or laughable. The Chinese people do not have democracy."

The people of capitalist countries can discuss human rights, why not those of us in this Socialist China?" it asked. "If the people do not have freedom of speech, what is the big difference between us and wild animals? Even they can use their voices to cry out."

"Rise up young people, rise up citizens," the poster concluded. "Don't wait. Don't expect some day savior. Has God given us democracy in the past 1,000 years?"

Another poster nearby declared, "Although human rights is being attacked in the press as a slogan of bourgeois countries, that doesn't mean it is bad. Our leaders do not talk of human rights. But if we have no human rights, then we are a country of master or emperor, not a country with a dictatorship of the proletariat."

The law was contested in the Supreme Court which ruled that states had the right to enact such legislation.



A Thai soldier watches over Khmer Rouge troops who fled into Thailand to escape a Vietnamese onslaught. The photo was made earlier this month at Wong Mon, a Thai village near Cambodia.

## Khmer Rouge Reported to Be Cornered

From Wire Dispatches

BANGKOK, April 16 — Heavy fighting erupted today between Vietnamese-led forces and the Khmer Rouge army of the ousted Pol Pot government in northwest Cambodia, Thai officials said.

They said that small groups of Cambodians were fleeing into Thailand but that 40,000 to 50,000 others were still penned into a small salient of Cambodian territory south of the town of Poipet.

The Cambodians, who included Khmer Rouge soldiers and civilians, appeared to have been cornered by Vietnamese-led forces trying to quell resistance to the new Hanoi-backed administration in Phnom Penh. Thai troops and policemen had been sent to the border area to prevent a flood of refugees from coming into Thai territory, the officials said.

Premier Kriangsak Chamanan said today that the government did not want the Cambodians to enter Thailand, "but if we cannot stop them, we will have to disarm and investigate them."

## Report Denied

Foreign Minister Uppadit Pacharavongkarn denied a report by the Cambodian news agency yesterday that Pol Pot and his deputy, Ieng Sary, had fled to Thailand.

Ousted Cambodian President Khieu Samphan today vowed to continue guerrilla warfare against the new Vietnamese-backed administration. He accused Vietnam of wanting to spread the war to Thailand and other countries in Southeast Asia. His statement, broadcast over the Khmer Rouge radio, believed to be transmitting from southern China, said: "We still have many obstacles and troubles

ahead of us because Vietnam has increased its aggressive war in all forms."

Cambodia's pro-Vietnamese government accused Thailand today of helping Khmer Rouge forces in Cambodia. The official news agency of the government installed by Vietnam in Phnom Penh said that Cambodian troops attempting to crush the remnants of the Khmer Rouge army were "shelled by Thai artillery fired from the other side of the border."

Gen. Som Katapan, head of the information service, denied Thailand was supporting the Khmer Rouge rebels. "Our artillery has not fired at all," he said by telephone. "It is the other side's shells, perhaps accidentally, which have fallen into Thailand."

The general also denied the Cam-

bodian charges that his forces were giving medical treatment and food to the forces of ousted Premier Pol Pot, saying the relief was being administered by the International Red Cross and the United Nations. The Phnom Penh news agency warned that "Thai authorities must put an end to such acts" or "bear full responsibility for all consequences arising therefrom."

Thailand so far has resisted Soviet and Vietnamese pressure to recognize the new government led by Premier Heng Samrin. Thailand, concerned that it will come under military pressure from Vietnam, has laid mines along a strip of 20 miles of its border with Cambodia to deter any attack and to prevent an estimated 25,000 to 40,000 Khmer Rouge soldiers and civilians from crossing.

## In Tehran, a Guarded Sense of Freedom

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good professors may be forced out of their jobs, or worse, because of things they said when they had to be constantly wary of SAVAK informers in their classrooms.

He says that he voted for an Islamic republic in last month's referendum "to end the old system," although he admits he has "no clear ideas" what an Islamic republic is. He says he would rather have had a wider choice than the one between the monarchy and the Islamic republic.

In an interview before the revolution, he did not want to be named. He still does not, and he suspects that the ayatollah's committee, tapping telephones just as SAVAK used to.

A female bank worker has no such reservations about an Islamic republic, although she abhors the chador, the full-length veil traditionally worn by devout Moslem women here. She claims that the ayatollah's controversial statements about *hejab*, which can be translated as wearing the veil or modesty, and which caused a series of angry women's marches, were exaggerated and misunderstood.

"*Hejab* is within you," she says. Though not religious herself, she asserts that "Islam is the only thing that could have united the people against the shah."

## Indifference Shared

An Iranian journalist, also a woman, shares her compatriot's indifference to the chador and religion, but is much less tolerant of the new Islamic government. Faced with a choice between that and a monarchy, she voted in the referendum for the Islamic republic. "What else?" she asks.

The government is sending a delegation to Australia and New Zealand soon to verify their methods of slaughtering cattle and sheep. The issue arose when Ayatollah Khomeini banned as "forbidden" frozen meat imported from those countries, because it was not slaughtered according to Islamic practice. The meat should be thoroughly bled before freezing.

The Iranian Meat Organization released frozen-meat stocks after seeing films of the slaughtering process presented by Australian and New Zealand representatives. An organization official then said that the ayatollah only "thought" the meat was forbidden. Anyway, the delegation is to include two organization officials, two butchers and two Moslem leaders.

Another hot topic these days is *seegheh*, the Iranian practice of temporary marriage. Introduced during times when merchants went off for months or even years on trade caravans, the practice allowed men to contract for female companionship for a certain length of time while leaving their wives and children at home.

The man would choose a suitable companion — usually a humble, young village girl — and, with the approval of a local religious leader, make a deal with her usually destitute father. At the end of the agreed time, a divorce would be declared, and the erstwhile husband would pay off.

This Shiite Moslem practice suited the man and the girl's father, who stood to make some needed cash. In essence a rather complicated form of prolonged prostitution, *seegheh* marriages still exist, although they are rare.

The question now is whether the practice can continue under the Islamic republic. The verdict so far, according to a government spokesman: "It is correct that men can obtain it." He added that religious leaders would have to study the separate issue of polygamy, banned under the shah but permitted by Islam.

The brevity of bikinis on Iran's Caspian Sea beaches once rivaled Europe. And no one seemed to mind when more traditional women waded into the water fully clothed, sometimes even wearing their chadors. Now, however, the military commander of Bandar Anzali has announced that in accordance with Islamic practices, there will henceforth be separate bathing facilities for men and women.

## Good News and Bad

The good news is that this is an improvement since women previously were not allowed to bathe publicly in that town at all. The bad news is that the arrangement is expected to spread to other towns that previously were more liberal.

Some enterprising revolutionaries have found a new way to vent public hatred for the shah and the U.S. government that supported him for so long. Sidewalk shooting galleries have sprung up, allowing the vengeful to pepper pictures of the shah and President Carter with pellet guns. It is hard to tell which is the more frequent target.

The ayatollah's guards stationed at the U.S. Embassy following a Valentine's Day guerrilla attack on it have taken to interrogating visitors, such as journalists, who arrive for appointments with embassy officials.

A fat, bearded guerrilla seated in a gatehouse adorned with posters of the ayatollah and Palestinian leader Yasser Arafat usually tries to do so in broken English. The visitors are grilled about whom they want to see and why.

National radio and television chief Saideh Ghotbzadeh plans to cut transmissions to 2 1/2 to 3 hours

## Eurocommunism Is Gone As United Political Force

By Flora Lewis

PARIS, April 16 (NYT) — There are posters in Paris and other cities these days showing the Winged Victory of Samothrace and the slogan "Euro-right," an effort of marginal far-right parties to seek a place for themselves as campaigning warm-ups for the first direct European parliamentary elections in June. They are unlikely to make any dent.

More remarkable is the virtual disappearance of the slogan that stirred Western politics two years ago, provoking excited hopes and fears in the name of "Eurocommunism." Whether it never really existed as a new development, or some claim, or whether it has been left moribund in the conflicting struggles within and among the Western Communist Parties is a matter of argument. Certainly, it has faded away as any kind of cohesive political force.

The key blow to the Eurocommunist movement has been the divergent strategies of the main Western parties — French, Italian and Spanish. For a period, their lines were converging, emphasizing in varying degrees a claim of independence from Moscow, a will to share power in their own countries through the political process, a proclaimed acceptance of the basic theses of constitutional democracy and civil liberties.

## Doctrinal Challenge

A major catalyst was the preparation of the 1976 Congress of all European Communist parties in East Berlin. The Western parties, along with the Yugoslav and Romanian parties, organized a bloc which forced the Russians to tolerate a doctrinal challenge, one they had never before countenanced without an open, disciplinary

break. In East Berlin, Spain's Santiago Carrillo stood up before the assembled leaders and said, "Moscow is not our Rome and October 1917 Bolshevik revolution is not our Christmas," and President Leonid Brezhnev sat listening in stony silence.

Afterward, the Russians fulminated and made clear they did not really intend to take the East Berlin declaration of the right of full autonomy for "fraternal parties" as face value. But the Western parties sought to develop mutual support for their separate attempts to advance in their own national politics.

The break came when the French Communists switched their domestic stand and opened an all-out attack on their nominal allies, the Socialists, with the predictable and presumably deliberate result that they lost last year's legislative elections. Whatever the real motives of the French Communists, and they were doubtless complex, the change set them once again on a different course from their Italian and Spanish comrades, who were still trying to win moderate friends and influence non-Communists.

Internally torn but still intensely disciplined, the French party launched a shrill new campaign featuring nationalism, in the place of conciliation, as its main appeal for non-card-carrying voters, tightened the ranks for members, responded to what seemed an incipient crisis of identity with a resurgence of nostalgia for solidarity with Moscow and a return to what some French commentators call its "ghetto mentality."

Marking its differences from the rest of the French political scene once again mattered more than appearing cooperative and capable of joining in government.

At its 22d Party Congress three years ago the French Communist Party abandoned the dogma of "dictatorship of the proletariat" and seemed to be moving toward flexibility. The 23d Party Congress, coming this spring, is headed for what other European Communists call "immobilism," rigidly standing still. The official slogan and priorities at Moscow have been party leadership over social change, a theme now being criticized by the party's left wing.

He adds that a "limited minority" keeps calling up to ask a halt to endless televised discussions of Islamic problems and the return of the old programs, which included "Kojak," "Gunsmoke," "Peyton Place" and others. "Of course this we shall not do," he says, though old U.S. silent comedies somehow have been deemed sufficiently Islamic, or revolutionary.

—WILLIAM BRANIGAN

## Mrs. Gandhi Accused In Conspiracy Case

NEW DELHI, April 16 (AP) —

Another criminal case was begun against former Prime Minister Indira Gandhi today in a magistrate's court here, involving alleged misconduct during her last years in power.

Mrs. Gandhi, aide R.K. Dhawan and Devendra Sen, a former director of the Indian Central Bureau of Investigation, were charged with criminal conspiracy to cause wrongful prosecution of four government officials investigating her son Sanjay's automotive firm in 1975 at the request of Parliament. No date was set for the first hearing.

## Afghan Rebels Operating From Camps in Pakistan

(Continued from Page 1)

part in Miran Shah, known as Brigadier Zahari, who is credited with planning a successful siege of Nuristan province in the north of Kabul. The area is said to be completely in the hands of about 6,000 guerrillas commanded by an officer called Brigadier Anwar.

According to Col. Izmatullah and others, the rebels rule much of Afghanistan by night, in the classic pattern of guerrilla warfare, with the government taking over when daylight permits effective air patrols and the use of other standard weapons.

Major guerrilla operations are going on, he said, in Paktia, Uruzgan, Helmand, Herat, Mazar-i-Sharif, Takhar, Badakhshan, Parwan, Konar and Farah — 10 of the country's 28 provinces.

## Airport Closed

Guerrilla strikes have closed the military airport at Shindand, outside Herat, the country's second-largest city, he said. "The government has planes but can't trust the pilots," he said, and the road leading into Herat from Kabul is "completely cut off" by guerrillas. Another informant said that "at least one-third of the army" is sympathetic to the rebel cause. They reported cases in which troops had refused to fire on the guerrillas, among whom they recognized friends from their homes.

In tent villages, like those at Skamkham in the tribal territory, and near Gullistan about 60 miles west of Qetta in a settled farming area, a visitor was told over and over about the rebels' shortage of guns and ammunition.

The face of a young adult male was rare in any of the tent villages. Asked where the young men were,

elders said they were either fighting in Afghanistan or training.

Pakistan has forbidden training of Afghans in this country, but the impression was given that authorities were less than zealous in preventing it. Refugee leaders said Pakistan's involvement had been limited to providing tents and food for the camps. The government in Islamabad has tried to avoid antagonizing an Afghan regime capable of inflaming the volatile border tribes.

The closeness of the camp's residents to the conflict, both here and in the homes they left, has given them a firsthand acquaintance with the cruelty of war as practiced in this harsh corner of Asia. Refugees mentioned seeing anti-government partisans nailed into crates that were then put before soldiers for target practice. They reported many instances of dissidents being buried alive, a tactic later adopted by the rebels for dealing with government agents.

Much expertise in nonmilitary fields was also said to be available to the rebel leadership. Informants said that a Pakistani jail had been converted to housing for more than 300 of the better educated exiles, college graduates in engineering, medicine, economics and law.

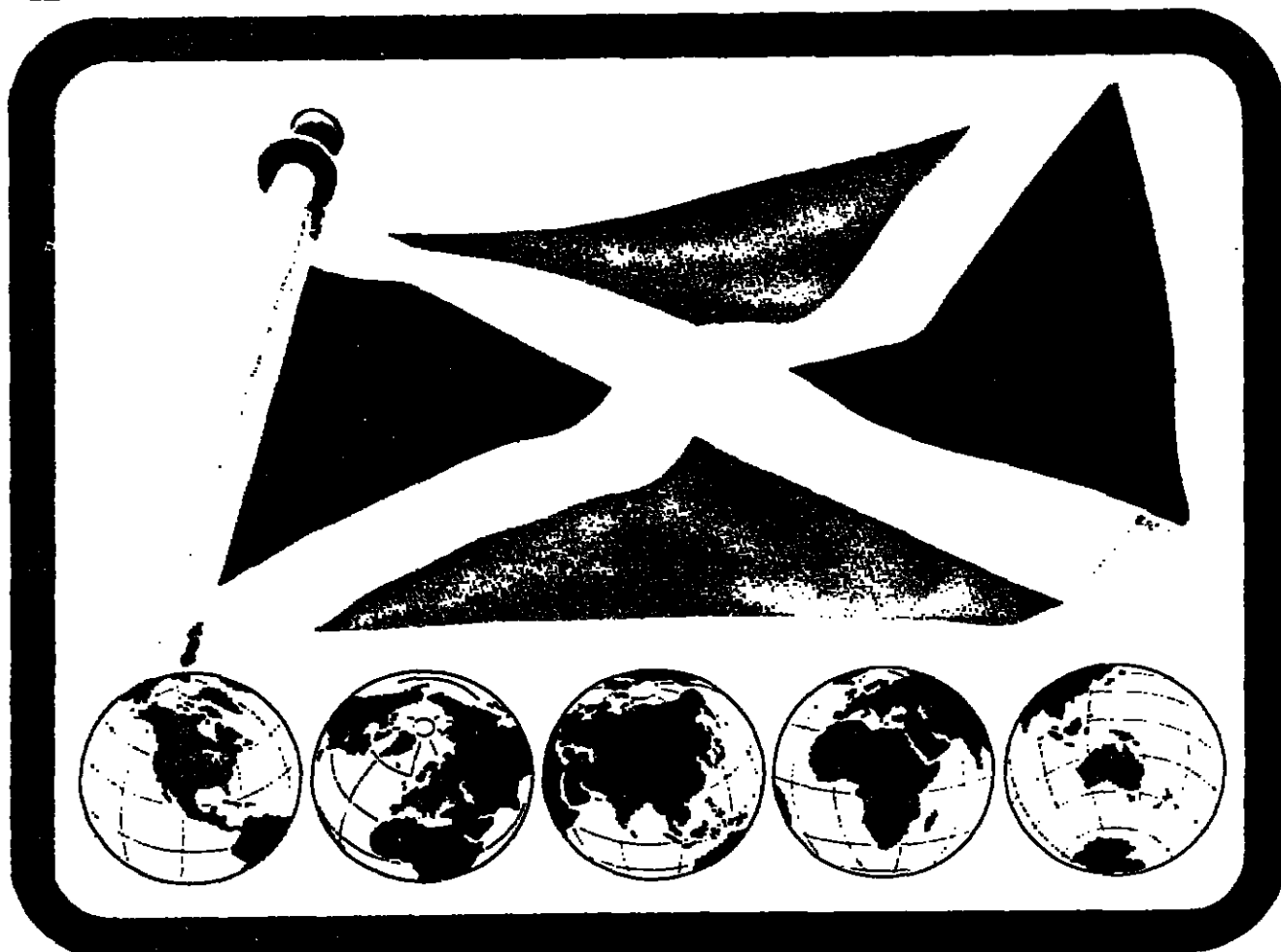
Of about 350 scholars originally in the camp, according to the Afghan informant, about 50 have slipped back into Afghanistan to work on establishing a "provisional government" somewhere in Nuristan.

A planned visit to the "intellectual camp," as the housing for the educated was called, was canceled because Pakistani intelligence officials had by that time shown intense distrust that a foreigner had succeeded in seeing any of the camps.

## 900,000 Visit France

PARIS, April 16 (Reuters) —

About 900,000 foreign tourists spent the Easter holidays in France, according to official estimates. About half the visitors were from Paris and the rest in seaside resort towns, officials said.



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## Ban the Bomb in South Asia

The Carter administration was right to cut off economic aid to Pakistan for surreptitiously starting to build a plant to produce nuclear explosives. But Pakistan was only doing what rival India did a decade ago, so trying to prevent the spread of nuclear weapons now requires effective measures against India as well.

Thirty years into the nuclear era, only the five permanent members of the UN Security Council have acquired nuclear weapons. This exclusivity may not last indefinitely. Besides India, a dozen other countries are pushing on the door. But the world should welcome every effort to defer such proliferation — especially when military rivals are involved.

The United States is engaged in an uphill struggle with Argentina, urging it to accept inspection safeguards and other restraints in a reactor deal with West Germany. Thanks to U.S. pressure, Brazil is having sober second thoughts about a similar West German deal. A show of U.S. determination in southern Asia now can enhance the chances of avoiding a nuclear arms race in Latin America and elsewhere.

Pakistan's interest in nuclear weapons was stimulated in 1974 when India diverted materials from a civilian program to explode a plutonium device. Canada immediately cut off atomic supplies for India but the United States kept hoping to obtain assurances of no further weapons development. Economic aid to India has not been cut off and three administrations have continued to send nuclear fuel for a U.S.-built power station near Bombay.

But no adequate assurances have been received. On the contrary, Prime Minister Desai threatens to extract plutonium explosive from spent fuel rods at the station without the U.S. consent that past agreements require. His reasoning is clever — too clever. He contends, correctly, that the United States promised to supply fuel during the

reactor's lifetime. But the fuel contract required India to comply with U.S. law and changes in it. Now the law has changed. Last year's Nuclear Nonproliferation Act requires an end of atomic fuel shipments next March to any nation, like India, that rejects international inspection of all its nuclear facilities. When the shipments cease, says Desai, so will the agreement, leaving him free to use the U.S. rods for plutonium production.

As the Pakistani reaction shows, there is more at stake here than clever debate. The United States has shipped India 95 tons of enriched uranium — enough to produce tons of plutonium and hundreds of bombs. President Carter has been protecting India from fuel cutoffs to give negotiations a chance and to encourage that nation's return to democracy. Surely the time has come to draw the line.

The Nuclear Regulatory Commission has twice come close to canceling fuel shipments to India but the White House kept pressing for more. Another application is now pending. The commission should not again be pressured if India refuses to guarantee that there will be no diversion of the fuel. The president could also make it clear that he will not countermand the mandatory cutoff next March. And then, perhaps, the negotiations with India, as well as Pakistan, would take place in a different climate.

At least Desai no longer contends that there is value in "peaceful" nuclear explosions. He also promises not to authorize a second atomic test. But he is 82 years old and no successor can be bound by the promises he makes. Unless all Indian nuclear facilities are thrown open to inspection, Pakistan and the rest of the world cannot be sure that the weapons program has halted.

Pakistan has proposed that South Asia be a zone free of nuclear arms, posing the choice of nuclear weapons for both India and Pakistan or for neither. For the United States to stop shipping fuel to India may help the New Delhi government make the wiser choice.

THE NEW YORK TIMES.

## The End for Idi Amin

Idi Amin has been chased from his capital and the end of Uganda's eight-year nightmare seems at hand. The joy of a people liberated from murderous brutality is enough to overwhelm, for now, any misgivings about the role of Tanzanian soldiers in the final act and concern about the difficult task of reconstruction ahead.

Amin built a reputation for baiting the West. His antics ranged from parodies of the "white man's burden" to trifling with the lives of innocent Westerners. In these ways, the self-proclaimed "conqueror of the British Empire" attracted a certain popularity in an Africa where national pride still smarts from the blows of colonialism.

Inside Uganda, he ruled by terror. The victims of the dictatorship ran into the hundreds of thousands; many bodies were savagely mutilated, other victims disappeared without a trace. Thousands more suffered imprisonment or were driven into exile. A well-endowed economy was looted for the benefit of the regime's few friends and protectors, especially the Ugandan Army.

There is irony in the part played in Amin's downfall by Tanzania and its President, Julius Nyerere. Nyerere, one of Africa's most respected leaders, is also one of the least militaristic. Tanzania's Army is less than formi-

dable, and just a few months ago proved unable to stop a Ugandan invasion. The difference this time seems to have been the total collapse of the Ugandan dictator's support, even within the army whose loyalty he tried so elaborately to buy.

Yet Tanzania has set a disturbing precedent. What has been done this time in a good cause, and with considerable provocation, might as easily be done by others in different circumstances. The danger is the more real because of Africa's colonial legacy of arbitrary borders, dividing kindred peoples and throwing hostile ones together.

The new provisional government of Uganda has called for the execution of Amin, but for a show of understanding toward those who followed his orders out of fear. Nyerere wisely did not attempt to restore to power his friend, former president Milton Obote, whose regime made many enemies. The new leadership includes figures known to be well disposed toward the West, and likely to want Western assistance in the reconstruction effort. Their requests should be given careful consideration in the months to come. For now, the good news is that the butcher is gone.

THE NEW YORK TIMES.

### International Opinion

#### Italy's Explicit Communists

Italy can no longer be governed without them [Communists], but they are committed to full participation in government or a clear role in opposition. The Christian Democratic Party, itself an amalgam of rightist, centrist and reformist groups, must go into the June election on a platform of thus far and no further — no full participation of the Communists in coalition government.

Mr. Berlinguer, the Communist leader, has said that if the Christian Democrats, during the election campaign, talk about confrontation and of boundaries which cannot be crossed, they will only prove their desire to evade the essence of the Italian political crisis.

Many Italian politicians believe that the

Communists behaved sensibly and constructively in the support for the last government. A lot of good legislation was passed, and the Communists learned a little about the problem of running the country. The party is committed to pluralism, democracy, and the rule of the ballot box.

Internally, it is still run on the old principle of democratic centralism and sceptics doubt whether different leaders or different circumstances would leave it attached to its tamer role. That's one of the dilemmas which the parties will have to solve after the June election.

There is every sign that the voters will set the politicians an even more difficult task of coalition-building than they did in 1976.

— From the Guardian (London).

### In the International Edition

#### Seventy-Five Years Ago

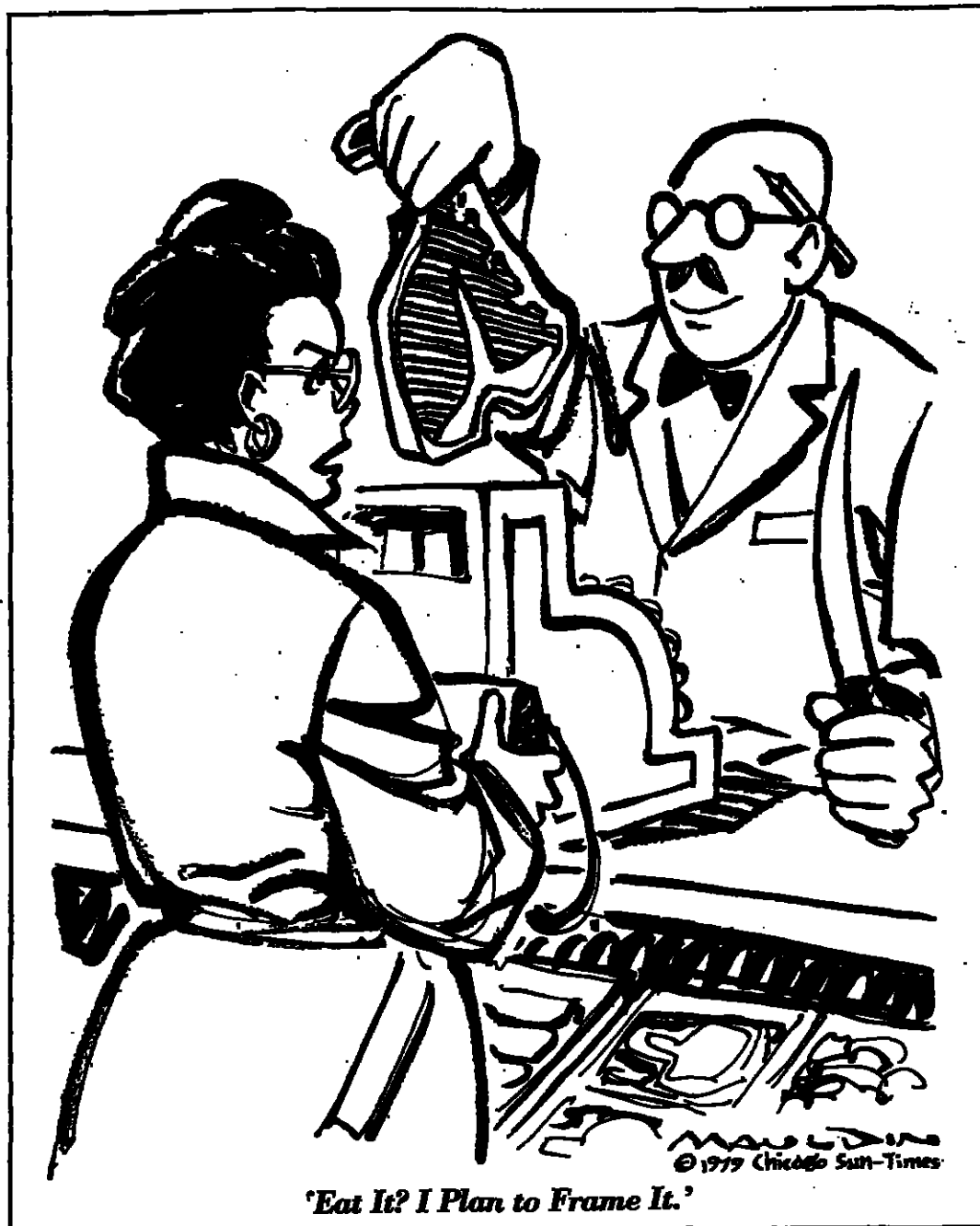
April 17, 1904

WASHINGTON — The Panama Canal bill occupied the latter portion of the day in the Senate, and it was passed without a division. An amendment was adopted which clears away all doubt as to the authority to make the payment for the canal rights and property. The Senate passed a bill providing for the temporary government of the Canal Zone in Panama, the protection of the canal work, and other important purposes. Mr. Morgan was the principal opponent. No provision was made in this bill for compensation to the French for earlier, uncompleted, work on a canal.

#### Fifty Years Ago

April 17, 1929

NEW YORK — Babe Ruth, the colossus of the baseball world, today steps to the plate at New York for his first at bat of 1929, and the fans of the whole nation will be watching him. He has his mark of 60 homers, made two years ago, to shoot at, and a chance to help the Yankees to another league pennant and world's title. Starting at shortstop will be Leo Durocher, who beat out a high-priced West Coast rookie. The rest of the lineup comes as no surprise: Lou Gehrig will play first base, and Ruth will be joined in the outfield by Earle Combs and Bob Meusel.



'Eat It? I Plan to Frame It.'

## When Friends Fall Out

By Anthony Lewis

AMMAN, Jordan — Jordan was for years the closest Arab friend of the United States, a reliable "moderate" state in an area of shifting extremes. Since Camp David and the Egyptian-Israeli treaty the relationship has come on hard times. Jordanians and American diplomats both speak of "strain."

The United States finds it hard to understand why King Hussein not only joined the outcry against Camp David but pushed for the Baghdad meeting where Arab leaders agreed to ostracize Egypt. But there are reasons for the policy from the Jordanian viewpoint. They were explained to me by Hussein's articulate brother, Crown Prince Hassan — the king is abroad — and by high officials.

First, Jordan was never in a position to make a deal on the future of the West Bank, as some Israeli politicians have urged. All the Arab states have long agreed that the PLO speaks for the Palestinians. Hussein could not ignore that political reality.

#### 'Constraint'

"There's a basic constraint on our role," Hassan said. "We cannot be competing with the PLO for support on the West Bank. Moreover, the Camp David framework agreement envisaged Jordan in a role that was in fact politically impossible: as jointly responsible for West Bank security during the period of 'autonomy.' Whatever the degree of self-rule, then, Jordan would be acting under the umbrella of Israeli occupation."

"The Jordanian government cannot enter an arrangement that may legitimize the occupation and make us co-guarantors of the status quo," an official said. "It would be different if autonomy were certain to be a transition, with self-determination for the Palestinians at the end. But there is no such assurance."

The Jordanians fear, too, that the United States has used so much of its diplomatic energy on the Egyptian front that it will have little left for the central issue of the Palestinians.

Hussein wrote letters to Presidents Carter and Sadat just before Camp David warning them against dealing with the relatively easy Egyptian-Israeli issues first and leaving the Palestinian question for

later negotiation. Jordanian officials say Sadat sent an assurance in reply that he would focus his efforts on the West Bank.

That history, as Jordanians relate it, indicates another reason for the bitter feelings here: personal outrage at Sadat. "He took us for granted," Hassan said. "He was arrogant, had delusions of grandeur."

There is also criticism of U.S. attitudes after Camp David; the Jordanians say State Department officials told them bluntly that they had better get aboard the Camp David process if they wanted to stay on good terms with the United States. "It was a bit of a cold shower, frankly," Hassan said.

As for the Baghdad summit, Jordanians argue that it had some positive results for peace in the long run. For one thing Iraq gave up its opposition to any settlement with Israel, generally accepting the idea of peace with Israeli withdrawal from occupied territory. And Iraq has since held to a more moderate stance.

The Jordanians also argue that the Baghdad agreement was necessary to avoid a polarization of the Arab world, between radical and pro-Western states, that would have left Saudi Arabia and the Gulf sheikhdoms dangerously exposed. They note that unity worked after Baghdad to stop Southern Yemen's attack on Yemen.

Americans who deal with the Middle East will not find those arguments uniformly convincing. But I am persuaded of one thing: that it would be a great mistake to put Jordan down now as "reactionary" or uninterested in peace. For despite the constraints on what they feel they can do, the Jordanians still urgently want to find some way to a settlement with Israel: a solution for the Palestinians.

#### Settlements

When I suggested to Hassan that more people in Israel now seemed to accept the inevitability of withdrawal from the West Bank, and of a Palestinian homeland, he said he agreed. He said the "Peace Now" movement elements in the Labor Party, "kibbutzniks and the younger generation look to me to be very attractive indeed."

But the political reality, Hassan and other Jordanians say, is represented by continuing Israeli settlement of the West Bank. He showed a map of the West Bank with many shaded areas for present or planned settlements especially in the Jordan Valley. "Public opinion on the West Bank is moving rapidly to the left," the prince said. "The Israelis claim to be anti-radical, but their policy creates radicalism."

King Hussein hopes to visit the United States before long. The current strain in relations should be eased by the trip. But my guess is that Jordan will begin to believe in the Camp David process only if and when Israel stops settlement building.

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## Lessons From Yemen War

By Rowland Evans and Robert Novak

SANA'A, Yemen — The tempo- rary checkmate of Southern Yemen, Moscow's client state and its only foothold on the crucially important Arabian peninsula, has placed the Soviet Union in a tight bind for which President Carter can claim some credit.

Carter's dispatch to Yemen — the most primitive in the Middle East — of costly military equipment was a belated but powerful U.S. response to the Soviet offensive in many regions surrounding Saudi Arabia and its oil treasures. But an equal, possibly superior reason for Southern Yemen's deceptive new spirit of accommodation with its neighbor to the north, temporarily checkmating its ambitions, is that it fits Soviet grand strategy within the Arab world.

The strange fact here is that the U.S. and militant Arab states have a precisely similar objective: prevent Marxist Southern Yemen from trying to take over pro-U.S. Yemen and its capital city here in Sana'a.

#### Terror Campaign

The truce between the two Yemens was strongly urged on Southern Yemen, the aggressor, by Syria and Iraq, working in tandem with Saudi Arabia and the Gulf states. Moscow, which has employed Cubans, East Germans and Ethiopians in Southern Yemen's terror campaign against Yemen, had an agonizing choice once the Iraqis, Syrians and Saudis joined forces to stop the border war.

That choice: Alienate Saudi Arabia (which has been making faint overtures to Moscow as a result of the changing balance of world power) and Soviet friends Syria and Iraq by continuing the war; or step on the toes of the pro-Soviet Marxists in its client state of Southern Yemen by ordering the border war ended.

The realists in the Kremlin did not take long over that one. The war stopped dead in its tracks, for the time being, and the U.S. military supplies now piling up near the airport have not yet been put to any use beyond training.

#### Pressure

To avoid its embarrassing choice, Soviet military and political agents had been working overtime for months in this northern capital city with its unpaved roads, trying to persuade the weak government that its future lies with Moscow.

"You cannot understand the pressure we have been under," Yehia Jaghman, diplomatic troubleshooter in the Yemen govern-

## Asian Communism Without Romance

By George F. Will

WASHINGTON — For several decades, since the Soviet Union lost its allure, many "progressives" have admired Asian Communism — from a safe distance, of course. For such people, 1979 is becoming tiresome.

In January, Vietnam attacked Cambodia. War really is hell for a "progressive" when neither side can be called fascist. Cambodia's slaughtering Communists were an embarrassment, but so, too, was Vietnam's attack. It refuted the myth of "peace loving" Hanoi, a myth concocted to serve the supreme myth: that Hanoi's war of aggression against South Vietnam was merely a willing-up of nationalist ardor.

Then China, which "progressives" have said "has so much to teach us," attacked Vietnam, destroying villages to "teach them a lesson." And in Paris, Jean Lacouture, a prolific journalist revered by Hanoi's Western friends, denounced himself and others for having been "vehicles and intermediaries for a lying and criminal propaganda . . . spokesmen for tyranny in the name of liberty."

#### Confessed

Lacouture confessed "shame for having contributed . . . to the installation of one of the most oppressive regimes [Cambodia's] history has known." And "with regard to Vietnam, my behavior was sometimes more that of a militant than of a journalist. I disseminated certain defects of [North] Vietnam as war against the Americans. I believed it was not opportune to expose the Stalinist nature of the [North] Vietnamese regime."

Michael Ledeen, writing in Commentary, says Lacouture's recantation is part of "the debate among French intellectuals over the nature of Communism — a debate which has now reached historic proportions." In France, philosophy, like wine, matures slowly, and some French philosophers, having read Solzhenitsyn, have concluded (better late than never) that the Gulag is the essence, not an accident, of Communism.

It is quite French, this lightning upon the obvious with a proud sense of original discovery, but it is nonetheless welcome, especially because the debate is spilling into Italy. The debate there is helped along by an irony: As an Italian commentator has noted, Rome has a Communist mayor who knows nothing about Communism, and pope who knows everything about it.

#### 'The Deer Hunter'

And now comes another affront to "progressive" sensibilities — the movie "The Deer Hunter," winner of the Academy Award as best picture of the year. It is, primarily, a

sympathetic treatment of the working-class, young Americans who fought the Vietnam war. Although it deals admiringly with some moral virtues (such as bravery, loyalty, and disciplined ferocity), it is no way a celebration of war or the involvement of the United States in Vietnam.

Nevertheless, it has been denounced by those among Hanoi's friends who cling to the old as if clinging to life. They deem the movie's stirring love of country and even more its portrayal of the Vietnamese Communists as brutal, especially in the treatment of prisoners. That their many brutalities not include one shown in the movie — forcing prisoners to play a Russian roulette — is not the principal point of controversy. The movie's denunciation of the war as "war" reveals how much their opinion to U.S. policy was rooted in anti-Americanism and a romantic assessment of Asian Communism.

Captain John McCain of the U.S. Navy has not seen the movie. He saw too much of the reality, was a POW for nearly six years, and experienced some of the "defects" of the North Vietnamese that the likes of Lacouture thought it would be "inopportune" to expose.

#### Refused Visit

One day his captors told him would be taken to meet some identified only as "an American" who was to see the actress, in part, because he did not expect her to be the sort of person who would come home and tell the truth.

He also refused because of experience of a POW who agreed to meet with some of Americans in the "peace" movement. The "peace" people demanded the POW to confess crimes. When he refused, repeatedly and adamantly, he was called a "peace" person subject to his torturers that "this young man needs to be straightened out in his thinking." He was hung by his wrists in an arm pulled from its socket.

For refusing to see the actress, Capt. McCain was confined four summer months in an underground cubicle five feet long and four feet wide, and he was beaten, starved. Other prisoners suffered similar abuse also were made suffer. Jane Fonda's voice, North Vietnamese piped into cells recordings in which the prisoners to actively oppose U.S. policy, and told the world how the prisoners were being treated.

McCain recounts this with passion. He is a professional writer, understands that he must know his enemy, but not take things personally.

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"You cannot understand the pressure we have been under," Yehia Jaghman, diplomatic troubleshooter in the Yemen govern-

ment, told us in a cool, high-ceilinged room of his new house on the outskirts of the dilapidated capital. "They offered to us that we send our soldiers to the Soviet Union where they would be trained by Arabic-speaking Soviet military experts on how to use Soviet weapons. Then our men would return here with their new equipment."

But Jaghman and the Yemen government turned down all such Soviet overtures. They knew that what Moscow wanted was eventual unification of the two Yemens under Soviet dominance. A united Yemen, far larger in population than Saudi Arabia (and on whose labor force the Saudis depend for workers in their oil fields), would be a dagger pointed at the Saudi heart. With such a threat Saudi Arabia might become more amenable to sharing its oil with the Soviet Union in the 1980s, when Moscow for the first time will be shopping the world for crude oil.

The "unification" agreement reached on March 30 by the two Yemens is not worth much more than the paper it is written on. Western authorities here agree with government leaders that it will not last very long.

What happens if and when the agreement collapses is anybody's guess. The significance of the two Yemens is less the unpredictable future than the extraordinary effect that their border war, and Southern Arabia's failure to quickly win it, has had on the Soviet master plan for the Middle East.

That plan now points to Moscow playing the lead in exploiting Arab anger at the new U.S.-inspired treaty between Egypt and Israel. Successfully shut out of the fast-moving Mideast political drama ever

since Egyptian President Anwar Sadat's visit to Jerusalem, the Yemens are looking for ways to get back in by widening the divide between Egypt and other Arab states.

Exposed

Promoting what amounts to a war here between the two Yemens does not at all fit this long-range Soviet plan. Indeed, if Southern Yemen continued the war — a war only with Soviet approval — Moscow would become dangerously exposed as operating against the interest of the Arab world.

In prospect, then, is a no-war situation here. The Yemens have once again proved a little value a client state has when it interferes with larger designs, and the Americans have proved for the first time that Carter that the dispatch of military equipment in a timely manner have immediate impact on the strength of the U.S. position. Small border war, those are the lessons to be learned.

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## Political Unrest in Jordan

## Political Unrest in Jordan Causes Concern in Israel

By William C. Claiborne

ERUSALEM, April 16 (WP) — Following renewed terrorist infiltration across the Jordan River, Israel yesterday expressed concern over political unrest in Amman resulting from King Hussein's rapprochement with the Palestine Liberation Organization and the Arab rejectionist states.

Shortly after four Palestinian terrorists were killed by an Israeli patrol about 850 yards inside the Jordanian border, the army issued a statement that it "takes a serious view" of the fact that Jordan "has begun to serve as an active rear base for the terrorists."

Moreover, a high-ranking Israeli official, Gen. Avigdor Ben-Gal, said in a statement that the Jordanian government had agreed that it would not allow the Jordan River to be used as a rear base for the terrorists.

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Fragments of a door and window of Beirut's John Kennedy Cultural Center lie in garden after a bomb explosion yesterday. It was thought to be a protest against Israel-Egypt treaty.

## Lebanon May Send Troops To Lawless Southern Area

BEIRUT, April 16 (AP) — Lebanese President Elias Sarkis called a meeting with his top aides and the U.S. ambassador here today to discuss sending a battalion of the restructured army to lawless regions in southern Lebanon.

The meeting — with Premier Selim al-Hoss, Foreign Minister Fuad Boutros, U.S. Ambassador John Gunther Dean and Lebanese army commanders — coincided with a Beirut radio report that breakaway rightist militias were shelling UN troop positions in the south.

The radio said that Israeli-backed Lebanese militia gunners pounded positions held by the Irish contingent that serves with the United Nations Interim Force in Lebanon in the south.

No casualty report was immediately available. But the outbreak of shelling apparently was aimed at discouraging efforts under way to displace the Lebanese battalion to the area.

Reuters reported that the Christian and rightist militia today warned the UN that they would declare an independent southern Lebanon if Lebanese army units joined UN forces in the area. The warning was addressed to UN Secretary-General Kurt Waldheim and distributed via leaflets in UNIFIL camps.

The leader of the forces controlling the border strip has threatened to blow up any army units that might enter the southern regions, the radio reported. He has also threatened to attack any UNIFIL contingent that might try to facilitate the army's battalions deployment in the south.

Meanwhile, the battalion assembled at the Mediterranean port of Sidon, 25 miles south of here, and was awaiting orders to move south, the radio said.

The militiamen and renegade regulars contend that the army battalion would not be able to check Palestinian guerrillas and leftist gunners in the south, a job that they insist must be left to them.

The militiamen also accuse the rebuilt army of pro-Syrian leanings, and threaten to deal with it as an enemy force.

Mr. Sarkis ended the meeting.

## Baby Born to Wombless Mother Makes History, Says U.K. Doctor

TAUNTON, England, April 16 (AP) — A baby made medical history by being born to a mother without a womb, health officials reported today. A spokesman for the Somerset Area Health Authority confirmed a newspaper report that the mother had had her womb removed 11 months before giving birth.

The Caesarean-section birth of Martin Trotter here March 31 had been a secret. The baby and his mother, 23-year-old Mrs. Alison Trotter, are reported to be well.

The British Press Association reported the gynecologist who delivered the baby as saying, "As far as we know, this is the first time in modern history such a birth has been recorded." The baby was supported inside his mother in a tissue-paper-thin layer of muscle, said the doctor, who refused to be identified. The agency said that he called the birth a "miracle."

The gynecologist was reported as saying that the mother "had an abnormal womb — only half the uterus had developed. The other side simply was not there. What happened was that the baby developed on a horn of tissue on which would have been the other side of her uterus, had it ever developed. Not only did the baby implant itself, but it grew to full term."

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## For May 3 — How Long Is a British Voter's Memory?

By Robert D. Hershey Jr.

LONDON, April 16 (NYT) — In the end, the British general election May 3 may turn on one simple but nebulous question: How long is a voter's memory?

Thirty months ago, following a series of huge monthly trade deficits, the pound crashed to \$1.55 and the Labor government was forced to negotiate emergency loans from foreign banks and the International Monetary Fund. The terms were acutely embarrassing to a proud country that had to give up some control over its economic destiny.

Three months ago, Britain was gripped by the worst industrial strife since World War II, worse, in the minds of many voters, than the dispute with the coal miners that brought down the Conservative government in 1974.

But this month, as the sun appeared after a long winter, these disasters seemed like distant history. Tourists flocked to Spain for the Easter vacation without the strikes and go-slows that so often throw airports into chaos.

One-Term Governments  
Prime Minister James Callaghan's Labor government is trying to do what no British government has managed for 20 years — win re-election after serving nearly a full term. The country's poor economic performance has been the main cause of one-term governments and once again the bread-and-butter issues are paramount.

The Conservatives, led by Margaret Thatcher, enjoy a lead of about 10 percentage points in the latest poll. They promise lower taxes, reduced budget deficits and above all reform in Britain's endlessly contentious industrial relations.

Although the stock market has rocketed ahead on the prospect of a Tory victory, Mr. Callaghan's government can point to some significant achievements during Labor's stewardship.

Behind much of the recent success is North Sea oil, which now provides about two-thirds of the country's needs. Because of this, some time next year Britain will become the only industrialized country in the West to be self-sufficient in energy. The pound, unlike 1976, is almost uncomfortably strong with the rate against the dollar at \$2.09.

Tough on Exporters  
Although this may be hard on exporters, it also retards inflation in a country that must buy one-third of its raw materials and food overseas.

For those voters with short memories, at least those inclined to disregard this winter's strikes as no more than the inevitable consequence of three years of formal pay restraint, the Labor record may not seem bad at all.

Chancellor of the Exchequer Denis Healey, in presenting his caretaker budget, noted that last year Britain halved its rate of inflation, raised disposable consumer income by 6.4 percent, increased gross domestic product by 3 percent and cut unemployment.

In addition, there was a \$500-million surplus in the balance of payments and Britain repaid \$2.8 billion of overseas debt, much of it ahead of schedule. Soon the last drawing from the IMF will be paid off.

There is a darker side, however, and it is this that the Tories are trying to exploit.

For one thing, inflation is rising again, although the latest report said that it remained at 9.8 percent over the past 12 months.

Nonetheless, as Mrs. Thatcher has been pointing out, prices more than doubled during this administration while manufacturing output is little higher than during the temporary three-day work week caused by the miners' dispute five years ago.

The Tories would tackle lack of productivity by reining in the unions — curbing secondary boycotts, lower benefits for strikers, action against the closed shop, secret ballots for union decisions — and by cutting income taxes to give workers more incentive.

Britain, which taxes corporations relatively lightly, relies heavily on personal income taxes. The top rate of 83 percent is reached at about \$50,000 and such a taxpayer would pay 98 percent on investment income above \$2,000.

At the lower end, the basic rate for somebody with only \$1,500 of taxable income is 33 percent.

The Conservatives, as well as the small, centrist Liberal Party, would cut the top rate to that of other

members of the Common Market, about 60 percent.

An effect of high personal taxation, which Mr. Healey also suggested Labor would cut if returned to office, is the growing underground or black economy.

The British Revenue Board, in the first public estimate, put untaxed earnings from moonlighting and other unreported income at 7½ percent of national output.

The Tory platform left the magnitude of its tax cuts vague and Labor campaigners have been quick to ask how the Tories would make them, if, as they also propose, they would raise police pay and defense spending.

One possibility would be to sell off some of the government's industrial holdings, perhaps some more of its now 51-percent stake in British Petroleum or as the Tories have already suggested, to denationalize British Aerospace and British Shipbuilders. Both these have been nationalized by the current government.

The Tories are also expected to abolish controls on corporate dividends, in place since the mid-1960s, that now limit annual increases to 10 percent. They are also inclined to relax controls on foreign investment.

Another issue is the Common Market, which Britain joined under the Tory government of the early 1970s. Labor Party leaders have stepped up complaints at what they say is Britain's unfair financing burden. There is little chance, however, that a new Labor government would seek Britain's withdrawal.

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Mrs. Thatcher in Cardiff

CARDIFF, Wales, April 16 (Reuters) — Mrs. Thatcher today attacked Labor's record here in the south Wales port which Mr. Callaghan represents in Parliament.

Mrs. Thatcher castigated the socialist in scornful terms, she concentrated on what she said were abuses of power by unions, a winter of strikes, and Britain's lagging industrial performance.

Urging disillusioned Labor supporters to vote Conservative, she said, "I am a reformer, and I am offering change."

She said that Labor had betrayed those for whom it promised to care by looking on "supine, paralysed," during the winter's industrial unrest while allowing militants to carry out violent picketing to close schools and hospitals, neglect emergencies and "even prevent people giving blood."

## Disclosure of Bank Records Embarrassing

## Swiss Brief May Harm U.S. Boeing Case

By Jerry Landauer

WASHINGTON, April 16 (AP) — The Swiss government has obliged the U.S. government by agreeing to turn over secret bank records tracing suspicious foreign payments by the Boeing Co. But the Swiss have also muddled a long U.S. criminal investigation of Boeing by disclosing key details of the government's case.

The disclosures, proper in Switzerland but possibly illegal under U.S. law, and certainly embarrassing to the Justice Department — occurred when the federal su-

preme court in Lausanne heard arguments about U.S. requests for bank records that might show who collected a \$3.6-million Boeing payment made to promote the sale of three 747s, worth \$120 million, to Middle East Airlines.

Middle East Airlines is a privately owned carrier operating out of Lebanon.

Significantly, the Swiss court held that the U.S. Justice Department is entitled to certain Swiss bank records, in accord with a law-enforcement and assistance treaty between the two countries. It was the first time that the treaty, which took effect in January, 1977, had come before the court for interpretation.

But, in arguing the U.S. government's need for the records, Swiss prosecutors released a 10-page brief asserting that Boeing is under investigation in the United States for possible mail fraud, conspiracy and fraud against the government.

The brief, printed in French and based largely on information supplied by the United States, gives away the department's theory of prosecution.

And it discloses assertions about Boeing's concealment of the \$3.6-million payment — assertions evidently gathered by a grand jury, whose deliberations must by law remain secret.

A Swiss government official attributes the premature disclosures to a lapse in communications. "If the U.S. authorities wish us to treat information confidentially, then they must ask us to do so," he said, explaining that U.S. concepts of grand-jury secrecy do not apply to Switzerland.

And a U.S. source predicted that "Boeing's lawyers will file a dozen motions to kill this thing," possibly citing prejudicial disclosure of grand jury information.

Justice Department officials withheld comment.

The assertions in the brief offer fresh insights into Boeing's sales practices. Boeing and its U.S. competitors say that they have discontinued these practices, mostly as a result of pressure from the U.S. Securities and Exchange Commission and because of the enactment of a U.S. law prohibiting bribery abroad.

In the case the department is investigating, the government says that Boeing filed a sworn certificate with the Export-Import Bank stating that the company had not paid any commissions or fees except to regular U.S. agents; the bank loaned Middle East Airlines \$36 million to help finance the purchase of the 747s.

Yet the Justice Department says that on May 15, 1974, three months before the sale, Boeing signed a three-way agreement in Geneva with Swiss Bank Corp. and Resora Ans in Vaduz, the capital of Liechtenstein.

Under that agreement, Boeing, upon presentation of the jetliner sale contract, placed \$3.6 million into an account in the bank; the money was immediately moved to Resora Ansalt, a "mail-box" company that serves private clients.

Boeing claims that it does not know how the money was used.

But the department maintains that Boeing made "illicit payments" in violation of Export-Import Bank rules. It hopes to prosecute the company for fraud, but as explained in the brief submitted to the Swiss supreme court.

Road Toll in Spain: 211  
MADRID, April 16 (AP) — A total of 211 persons were killed and 162 seriously injured in road accidents in Spain during the past holiday week, traffic officials reported today.

## ran Recalls 800 Navy Men From U.S.-Based Training

By Dan Morgan

WASHINGTON, April 16 (WP) — The government of Iran has recalled the training in the United States of 800 navy officers and enlisted men and has ordered them to return home next month — an order some may be reluctant to obey.

Some of the men are not happy to return, said an Iranian official. "It is very uncertain," said an Iranian official, "that some Iranian officers reached by telephone at the Naval Training Command in

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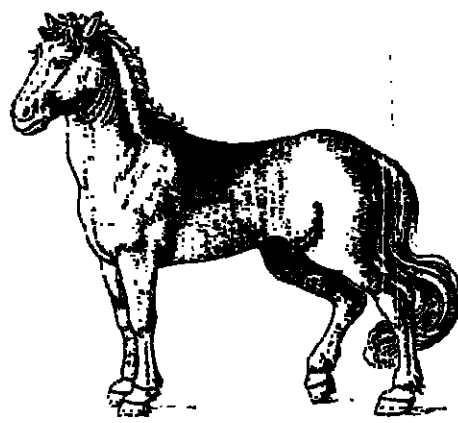


## Waverley Root

## For the Mane Course: Saddle of Equus

PARIS—On March 9, the International Herald Tribune published an article signaling the sort of event that it is customary to describe as the End of an Era: the last horse slaughterhouse in Paris had closed its doors.

This does not mean that Parisians will stop eating horsemeat, only that it will cost them more for the extra expense of transporting it from elsewhere. This should make horsemeat more expensive than beef, for the prices were running about neck and neck.



The utility of a horse slaughterhouse in Paris had been decreasing for some years. The consumption of horsemeat in the capital has been dropping steadily since about 1964, when the yearly per-capita consumption was slightly more than five pounds; by 1972 it was slightly under 3 1/2 pounds. I have not checked on it since, but I note that in a learned article by Daniel Gade, a professor of the University of Vermont, on "Horsemeat as Human Food in France," a curve depicting horsemeat consumption rises to a peak shortly after 1960 and has been descending vertiginously ever since.

Vermont may seem a strange place for interest in horsemeat to be manifested, but it happens that after 11 years in France, where I never tasted horsemeat, I myself first sampled it in Vermont, where I found it temptingly displayed in a frozen-food locker, handily chopped, and glowing with a healthy red color that looked infinitely more appetizing than the brown hamburger displayed near it. It was presented as dog food, but nobody asked to see my dog license when I bought some, so I sneaked it home and ate it myself, cooked and seasoned exactly as it had been hamburger. It was not bad at all, and I repeated the experience a few times, until I became tired of beef, which, after all, I find superior.

The French predilection for horsemeat was in part a function of wars—the Napoleonic wars first and the Franco-Prussian War later. It was after the battle of Eylau in 1807 that Baron Dominique Larrey, surgeon-in-chief of Napoleon's Grand Army, found himself with hundreds of sick or wounded soldiers on his hands, no commissary service (it had been left behind in the rush of events), but a rich sup-

ply of meat on the battlefield in the form of dead horses.

Using cavalry breastplates for cooking pans, he grilled chunks of horsemeat seasoned with gunpowder and fed it to his charges, who

only did horsemeat become an article of daily consumption in France; there was even a run on it in Dumas' lifetime. This was spurred by a belief that horsemeat, and even more effectively, horse blood, was a remedy for tuberculosis, the great killer of those times. A common early-morning sight in Parisian streets was a long line of pale-faced men and women before a horse butcher shop behind whose still-closed doors carcasses were being cut up; those outside were waiting to procure fresh blood.

Dumas, never deterred by inconsistency, changed his mind and wrote that horse blood was composed of the same elements as its meat and was therefore "highly tonic and highly nutritive." Horsemeat, frequently prescribed by French physicians as a fortifier, is indeed healthier than beef. The horse, unlike the steer, is resistant to tuberculosis, and it is not affected by the tinea tapeworm found oftenest in pork, but also sometimes in beef.

During the Franco-Prussian War, George Auguste Escoffier, who would become famous later as chef of the Ritz, was chef de cuisine for the Army of the Rhine. He found himself caught in Metz at the moment of the Prussian siege, when supplies were cut off from the city. He rose to the situation by serving horsemeat, stewed or braised, with lentils, haricot beans or mashed peas, or hashed and garnished with boiled eggs. "Horsemeat is delicious," he said, "when one is in the right circumstances to appreciate it"—in a beleaguered city without much choice, one gathers. I would not myself call horsemeat delicious; its outstanding characteristic is a lingering sweetness that seems to me personally rather disconcerting in meat.

You can sample horsemeat without the sweetness if you subscribe to the widest dictionary definition of "horse"—"any member of the genus Equus." As is a member in good standing of the Equus club, and I wrote a few years ago, on the basis, I fear, of incomplete information, that the most succulent example of Equus is not the horse, but the ass: "Alexandre Dumas sampled it in Kalmukia and described it as halfway between veal and beef in taste. From the nutritive point of view it is superior to beef—less fat, and richer in albuminoids." This provokes a rebuttal from Dr. L. Cabot Briggs, the distinguished American anthropologist, who wrote me:

"When I was wandering about the countryside of northern and north-central Spain 40 years ago, few *pasados* in the small rural villages could provide beef of any kind; it was simply too hard to come by and much too expensive for their normal clientele. So we usually ate ass or goat, which were presented quite frankly as such with no attempt at disguise. Horse appeared on the menu occasionally, but I don't happen to like horsemeat, and this was usually old and stringy anyway. Once in a while, as a rather special delicacy, we were offered mule meat, and this I found to be by far the best equine meat of all, for my taste anyway; in fact I preferred it to beef in those days."

The British never agreed with their neighbors across the Channel that horse should be transferred from the stable to the table. I thought I had come across a sign to the contrary once when I found in the accounts of the Lord Treasurer of Scotland for the fiscal year 1497-98: "Item, for all [ale] that the Kings horses drank, viij pence." It made me think of the prize Japanese steers whose daily rations include beer. It appears that the royal accountant was an indoor type with little practical knowledge of horses, mistaken about how they consumed beer. They did not drink it. The ale was mixed with oil and lampblack for polishing their hooves for state occasions.

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Andrea Odicini with assistant and model Zsa-Zsa.

## Fashion

## Andrea Odicini: Riding The Ready-to-Wear Wave

By Hebe Dorsey

PARIS, April 16 (IHT)—The upswing hero of last week's fall collections is Andrea Odicini, a clever fellow who has been cleaning up merely by riding the waves of fashion instead of trying to take the world by storm.

While most designers were in a tizzy organizing and spending a fortune on fashion shows, Odicini quietly moved into the Plaza Athénée and quickly cornered much of the market. He did not have far to go to reach his customers. Maria, Holt Renfrew's Carolyn Wiener, Giorgio's Fred Hayman, Anita Smaga, to name only a few, all stayed there.

In three days, without making any fuss and in a civilized, flowered if fake Louis XV decor, Odicini sold about 2,000 dresses, making about \$150,000—not bad for a guy who started making dresses only four years ago.

Odicini, 32, is not a fashion revolutionary, nor does he claim to be. But he has always been designing outstanding fabrics and accessories, notably shawls, that have been bought by top designers including

Valentino and Yves Saint Laurent. His last collection of Art Deco shawls was commissioned by Diana Vreeland for the Metropolitan Museum in New York.

## Color and Quality

His real signature is his fabrics, where he displays both a sense of color and a sense of quality that is hard to match. For instance, where other designers would use tweed, he offers a mixture of cashmere and silk. His color and color combinations are all his own and often draw from the art world. This time, he had echoes of Mondrian and Sonia Delaunay, but mostly of Harung's famous brush patterns.

As for shape, his main concern is to design easy, understandable clothes for well-behaved women. "All women have problems," he said. "Too much here, too little there. I try to give them no-problem clothes."

Designing both couture and ready-to-wear collections, Odicini exports 60 percent of his production, much of which goes to the United States. He functions from a huge, 17th-century palace in Genoa where he employs 70 seamstresses. He also designs his own fabrics with a Como silk firm that works exclusively for him.

"That way, I have complete control," he said. He needs that control, because his prices are anything but cheap and he has to keep up a high standard to deal with some of the toughest problems in the business.

## Follows Trends

What has kept Odicini going is the fact that he follows the main fashion trends, but just enough to be in without being in trouble. For instance, this season, he had all the current trends—the belted suits, the plaids, the three-quarter coats, the silk tunics—but they all were done with such a deft hand that they were acceptable to the banker's wife.

He also knows enough to realize that he does not know it all. "It would be very conceited to say one is a total original," he said. So picking a little here, a little there, he ends up all right. As he said: "To sell the way we do, we've got to be doing something right. When I came out the first season, one could have thought I was a flash in the pan. But it just wasn't so."

His best sellers this season were the short dinner dress dipping in back and the three-quarter black velvet coat with satin-encrusted shoulders. The latter goes as well over a long, slinky dress as over a strict, short suit.

For Odicini, the times are right. He is about to open in Paris, on rue de Tournon, in what used to be Regine's boutique, Zsa.

Regine, who decided to let Odicini have the locale so that she could concentrate on her nightclub, is one of his faithful customers.

"She's marvelous in that she has no complex," Odicini said. "She knows exactly what she wants: color, color and more color."

She proudly shows off sinister Japanese carving knives, heart-shaped pans, ensembles over a grating mortar whose inner surface is serrated ceramic. "I do have very good equipment," she said. "That I do insist upon."

She feels that North Americans are ripe for her gospel about South American cooking. "They have a very open approach to food, perhaps more than any other people," she said. "They have a very adventurous attitude. But when Americans think of Latin American cooking, the word that always springs up is 'hot'—incendiary, in fact. And some of it is hot."

"But you should try something like *quesadillas de flor de calabaza*—a tortilla stuffed with a savory mixture of cooked squash blossoms. Or the unusual combinations of flavors Latin Americans do so well—pork with shrimp, for instance, or beef cooked with peaches."

Diplomat's Wife

Elisabeth Lambert had written two novels when she married Cesar Ortiz-Tinoco, a Mexican ex-journalist who has just retired after 30 years as a United Nations diplomat. His transfer to Mexico plunged her into Mexican cooking—a long study. It's enormously original—the techniques are different.

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Published with The New York Times and The Washington Post

PARIS, TUESDAY, APRIL 17, 1979

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FINANCIAL NEWS AND NOTES

CIT Completes Bank Sale to NatWest

CIT Financial Corp. has completed the sale of 100 percent of its interest in National Bank of North America to National Westminster Bank for about \$430 million. At the same time, CIT says that all of its directors who were also directors of National Bank of North America resigned from that bank's board. National Bank chairman John Vogel also resigned from CIT's board. The company notes that these resignations were necessary to terminate CIT's status as a regulated bank holding company.

Contingummi Raising Prices in 2 Steps

Continental Gummi-Werke, West Germany's largest tire and rubber producer, is raising tire prices 3 to 4 percent and prices for technical products between 4.5 and 6 percent. Chairman Carl Hahn says the moves are a result of an average 20-percent rise in material costs in the first three months of this year. He says there will be another increase later this year, after the pay talks in the rubber industry are completed. The company's material costs, especially in the petrochemical sector, will tend to rise slightly later this year after the oil markets have settled. The company already announced it plans no dividend on 1978 results, after last paying 3 Deutsch marks in 1977, and currently does not expect to pay a dividend for 1979. Mr. Hahn notes that investments this

year will be about the same as last year's 106 million DM and adds that the company will put more emphasis on efforts to become more European oriented rather than concentrating on Germany.

Western, Continental Merger Urged

A Civil Aeronautics Board judge has recommended approval of the proposed merger of Western and Continental airlines, provided the two airlines are required to reduce fares. Judge Stephen Gross said the proposed merger, which would create a \$14-billion airline carrying about one of every five passengers boarding a plane west of the Mississippi, on balance would have positive effects. "The balance tilts toward approval and that is what this decision recommends," he said. The Justice and Transportation Departments opposed the merger, saying it would be anti-competitive. Mr. Gross proposed the CAB require the merged airline to follow through with a promise to reduce fares by up to 15 percent over five years. The two airlines said they would offer an unrestricted economy fare. The CAB will vote on the recommendation in the next few months. Since international routes are involved, President Carter will make the final decision on the proposal. Both Western and Continental are among the top 10 U.S. airlines. Western flies to Canada while Continental flies to Japan and the south Pacific.

Under Weight of Energy Bill, Stagnant Exports

East German Economy Starting to Sag

By John Geddes  
LEIPZIG, East Germany (NYT) — The East German economy, one of the Communist bloc's strongest, is sagging. Stagnant labor productivity, rising trade deficits, fuel problems, a shortage of foreign exchange and the effects of a harsh winter are combining to dampen expectations for the near future.

Officially, economic expectations have already been downgraded. The government forecasts that national income, roughly equivalent to gross national product, will rise 4.3 percent this year compared with the 5.1-percent target in the five-year plan.

The chief obstacle is fuel supplies. The Soviet Union, the country's main oil source, has set 1979

deliveries at 777 million barrels, slightly above last year's level. The remaining 20 percent of oil needs will have to be purchased at considerably higher prices from members of the Organization of Petroleum Exporting Countries with the nation's hard-currency reserves.

Compounding this problem is the potentially explosive impact of the price discounts that the Russians have effectively been granting on oil since 1973. East Germany still has not had to deal with the full effects of the world oil price rise following the oil embargo, so say nothing of the recently announced OPEC price increase, a Berlin-based economist said.

Moreover, the country's presumably assured source of electricity-generating fuel, its coal reserves, proved highly vulnerable this year. Freezing weather kept the nation's water-heavy lignite coal from being strip-mined, and the country had to import about 120,000 tons of coal from West Germany to keep its coal-fired generators operating.

Faced with the growing fuel problem, the country responded with conservation and a renewed drive to increase exports. "They've been telling certain plants to cut down their fuel use 3 to 4 percent from last year," an analyst here said. But, he added, it remained to be seen whether this shotgun attempt would work.

Kurt Ullrich, general director of the East German machine-export sector, noted that exports to other Communist countries are crucial to fuel supplies. "By delivering products to our partners," he said, "we not only take part in investments, but we also help to secure important raw materials and fuel."

However, the country's export drive has not succeeded. East Germany's trade with the Soviet Union, its most important trading partner in the bloc, has been running at a \$1-billion-a-year deficit since 1975.

Trade with West Germany, which accounted for about half of

the country's trade deficit of about \$335 million in 1978, was described as stagnant by the East German Communist Party chief, Erich Honecker.

This stagnation has much to do with the trap in which the East German export market finds itself. With an estimated \$7-billion debt to Western countries, the government has put special emphasis on exports to hard-currency countries. However, most of its exports are manufactured goods with technologies that are somewhat out of date and thus unsuitable for export to the West. To break the pattern, Mr. Honecker has called for higher-quality exports to meet Western standards.

The first step is the gradual reorganization of parts of East German industry into Kombinat, vertically integrated industrial combines. The goal is to increase initiative by putting one man in charge, an analyst here said. The feeling was that under the old system, the management directives were not filtering down to the workers.

Capacity-Use Up In U.S. to 86.3%

WASHINGTON, April 16 (IHT) — U.S. manufacturing capacity utilization rose to 86.3 percent in March, seasonally adjusted, from 85.9 percent in February and 86.1 percent in January, the Federal Reserve said today.

The March rate matched December's and was up from 82.7 percent a year earlier.

The Fed said these advances partly represent rebounds from weather effects in the first two months of the year, particularly in the motor vehicles, steel and coal sectors.

First quarter manufacturing capacity use was 86.1 percent compared with 85.9 percent in the preceding quarter and 82.1 percent in the year-ago quarter.

Iran Raises Prices 13%; Output Up

Oil Prices Seen Rising Further Later in '79

By Youssef I. Ibrahim

TEHRAN, April 16 (NYT) — Iran yesterday raised the price of its oil by 13 percent over the basic price of crude set by the Organization of Petroleum Exporting Countries at Geneva last month.

A senior executive of the National Iranian Oil Co. also declared in a separate interview that Iran has successfully concluded long-term sales contracts through the end of the year with Japanese, Brazilian, British, French, and U.S. buyers at the new prices.

The Iranians assert that the new increase will stick and may be further enhanced by an official price increase at OPEC's next meeting in June. "That was a part of our deal at Geneva," the spokesman, who was at the Geneva meeting, said.

Iran also had increased output to 4.7 million barrels a day last Friday — the highest level of production in more than six months. Officials also carefully noted that the level has been achieved "entirely through the efforts of Iranian workers without any help whatsoever from foreign workers." But, they added, the high level of production was "exceptional." NIOC executives said it was designed to meet rising demands and the long line of tankers at Iran's loading terminal.

"We have in fact set our production ceiling at between 3.5 million to 4 million barrels of oil a day," one senior executive in charge of marketing said. Iran consumes 700,000 barrels of oil a day.

Exports at 2.3 MBBD

Other Iranian oil executives said Iran has averaged 2.3 million barrels a day in exports — less than half of the pre-revolutionary level — since it resumed exports last March 5. "That's enough to bring in all the money we need — especially with the new increases effective in June and in December by OPEC," he said, referring to the scheduled quarterly raises.

Two executives who participated at the last OPEC meeting at Geneva said many members of the oil cartel had agreed to that "modest" increase with the understanding that a new increase will be set in June and in December. They also said that they fully expect Saudi Arabia, Iraq, and Kuwait, to bring their production down as Iran's output rises.

According to NIOC, the new prices of Iranian oil are \$16.57 for the barrel of light crude and \$16.04 for heavy crude, retroactive to April 1. OPEC's base price, raised by 9 percent in March, is \$14.55 for the benchmark Arabian light crude.

Also Too Risky

Miller Discounts Need For Still-Tighter Credit

By Hobart Rowen

WASHINGTON, April 16 (WP) — Despite Carter administration pressure, the Federal Reserve Board is not yet ready to acquiesce in a move toward tighter money.

Moreover, Chairman William Miller is angered by the flood of "informed" news stories detailing administration plans to lean on the Fed to adopt a policy that Mr. Miller thinks entails a high risk of creating a steep recession.

For weeks, Treasury Secretary Michael Blumenthal has argued that interest rates must be boosted as a "symbol" that controlling inflation is the nation's No. 1 economic objective. But the Carter team has not sold Mr. Miller.

"We should do things of substance, not reach for symbols," Mr. Miller said in an interview last week. "I have to laugh at what I read in the newspapers. There must be some lower-echelon people who are leaking their bankrupt ideas to the papers."

"They're wasting their time if they think they can get the president to pressure the Fed. The president is committed to an independent Fed — he's told me so repeatedly."

Beef Prices Versus Rates

Mr. Miller has previously warned that "pushing interest rates up won't help bring down either food or energy prices" and that is still the way he feels. Mr. Miller said last week that "we could push interest rates up three points and not do anything about beef prices." He added, however, as he had before, that the Fed would watch carefully for signs of a real boom "and would try to nip it in the bud."

Until recently, anti-inflation chief Alfred Kahn, Economic Council Chairman Charles Schultz, and White House adviser Stuart Eizenstat were reluctant to follow the Treasury's lead. But panicked by inflation's double-digit course, they now agree that an incipient industrial boomlet should be deflated.

"We see the initial signs of a scramble for inventories, the kind of overheating that can spill over into the rest of the economy," says one administration policymaker. "It's a close call, and reasonable people can differ. I've concluded it's appropriate to hit this in the bud."

But Mr. Miller, other Fed governors and senior staff members believe that the economy, nearing the end of a long expansion, is sending off mixed signals, including some inventory accumulation.

In sharp contrast to the certainty expressed by Mr. Blumenthal that the economy needs to be reined in, the Fed experts cite declines in housing and retail sales, as well as "strength" in the March employment rate. Unemployment dropped to 5.7 percent in March.

Fed Mulls Reserve Requirements On Two Inter-Bank Instruments

WASHINGTON, April 16 (WP) — The Federal Reserve has acted to close the latest major loophole bankers have found to get around the central bank's efforts to control the expansion of bank credit.

In the last six months, total loans and investments by commercial banks have risen more than \$41 billion to \$988.1 billion. About 20 percent of that increase was financed by two types of borrowing — repurchase agreements and federal funds loans — instruments the Fed feels may not be adequately controlled.

Friday, the Fed proposed applying a 3-percent reserve requirement on such borrowings unless the lender is another financial institution also subject to reserve requirements set by the Fed.

Banks like the repurchase agreement precisely because they generate lendable funds that are not subject to reserve requirements. On ordinary deposits, a bank that is a

NYSE Prices Lower Over Broad Front

After Analysts Urge Caution in Market

NEW YORK, April 16 (UPI) — New York Stock Exchange prices were firming slightly from earlier levels but remained sharply lower over a broad front this afternoon in moderately active trading.

The Dow Jones industrial average, which fell 1.21 points Thursday, was off 7.71 at 862.79 at 3 p.m. after being off more than nine points earlier. The market was closed for Good Friday.

Declines outnumbered advances 1,018 to 370 while the five-hour NYSE turnover amounted to about 23.80 million shares, compared with 21.54 million traded during the same period Thursday.

Analysts said traders appeared to be consolidating gains they have made in the market since February. Some of this action was triggered by published reports that analysts were advising clients to take a cautious stance toward the market.

One of the biggest concerns on Wall Street was that the government will take steps to tighten credit. The Federal Reserve's Open Market Committee, the policymaking panel, meets tomorrow.

Middle South Utilities, which has holdings in flood-ravaged Mississippi, made the active list after a block trade of 272,000 shares at 14 1/4.

Sears, Roebuck was active following a block of 132,000 shares at 20 1/4. The company said it planned to boost its capital spending by 23 percent in the next year and predicted a sales increase of 7 to 9 percent for the general merchandise industry in 1979.

Financial Federation, a volatile issue lately, was lower. The company said it was not involved with any other firm about a possible merger.

Gerber was lower and CW Transport was off sharply on the Amex. Gerber products agreed in principle to acquire CW in a one-for-one exchange of stock.

Prices were lower in moderate trading of American Stock Exchange issues.

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Bond Issues Set A Two-Year High

PARIS, April 16 (IHT) — The volume of public Eurobonds floated in the first quarter was the highest since the second quarter of 1977. Kredietbank Luxembourg's reports.

There were 63 new issues valued at the equivalent of \$4.85 billion launched in the past three months, compared with 105 issues valued at \$5.34 floated in the 1977 quarter.

Issues denominated in dollars accounted for 87.7 percent of the total, followed by 32 percent for DM denominated paper. The remaining 10.3 percent was split between the pound sterling, French franc, Kuwaiti dinar, the special drawing rights and the Australian dollar.

European borrowers accounted for 47.8 percent of total volume. U.S. borrowers accounted for 18.7 percent, the next largest group and the strongest quarterly participation by American borrowers in years, the bank said.

Company Reports

Revenue, profits, in millions of dollars			
Allied Chemical		PPG Industries	
1st Qtr 1979	1978	1st Qtr 1979	1978
Revenue.....	900.10	786.20	722.30
Profits.....	34.20	29.90	49.80
Per share.....	1.20	1.06	1.56
American Cyanamid		Signal	
1st Qtr 1979	1978	1st Qtr 1979	1978
Revenue.....	753.30	660.00	1,030.
Profits.....	40.70	36.40	47.80
Per share.....	0.85	0.76	1.24
Boise Cascade		CPC International	
1st Qtr 1979	1978	1st Qtr 1979	1978
Revenue.....	635.30	586.30	859.55
Profits.....	34.48	29.94	31.88
Per share.....	1.27	1.11	1.34
Du Pont de Nemours		First-Charter Financial	
1st Qtr 1979	1978	1st Qtr 1979	1978
Revenue.....	3,020.	2,540.	191.10
Profits.....	248.40	168.10	21.60
Per share.....	5.11	3.45	0.73
Goodrich (B.R.)		Lilly (Eli)	
1st Qtr 1979	1978	1st Qtr 1979	1978
Revenue.....	716.80	593.30	191.10
Profits.....	26.40	15.70	21.60
Per share.....	1.57	1.04	0.73

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and Luxembourg Stock Exchange  
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Investment Bankers  
and Pacific Securities S.A.  
MPRESA NACIONAL HIDROELECTRICA DEL RIBAGORZANA S.A. (ENHER)  
U.S.\$25,000,000  
FLOATING RATE  
NOTES DUE 1979/90  
is hereby given that the rate of interest for the period April 17th, 1979 to October 17th, 1979 has been fixed at 1 1/2 per cent. per annum.  
Hil Samuel & Co. Limited  
17th April, 1979.

ADVERTISMENT  
DIAMOND QUOTATIONS  
Reserve middle market prices for 1.00 carat diamonds with Gemological Institute of America or High Council for Diamonds International Certificates published for our clients, investment and financial institutions worldwide. The largest world supplier of pure diamonds. LOCKHART INTERNATIONAL, manufacturers & dealers, Meritwood 1, 2000 Antwerp, Belgium. Tel.: 031/32.65.44.  
OUR PRICE LIST IN U.S. \$ PER CARAT

RIVER		TOP WESBTON		WESBTON	
D	E	F	G	H	
AWLESS	2104	1428	1120	849	630
S 1	1428	1040	861	652	512

All of these Notes having been sold, this announcement appears as a matter of record only.  
Interest on the Notes will be exempt from Federal, New York State and New York City income taxes under existing statutes, regulations and court decisions.  
New Issue / April, 1979  
\$3,100,000,000  
State of New York  
1979 Tax and Revenue Anticipation Notes  
Dated: April 16, 1979 / Due: September 28, 1979 through March 31, 1980 inclusive  
The Notes will be general obligations of the State, and the full faith and credit of the State will be pledged to their payment.  
The Notes will be legal investments for State-chartered banks and trust companies and insurance companies, fiduciaries and investment companies, and may be accepted by the State Comptroller, the State Superintendent of Insurance and the State Superintendent of Banks when the deposit of obligations is required by law.  
Copies of the Official Statement are available from any of the undersigned.  
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Manufacturers Hanover Trust Company  
Continental Bank  
The First Boston Corporation  
Goldman, Sachs & Co.  
State Bank of Albany  
W. H. Morton & Co.  
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Ehrlich-Bober & Co., Inc.















Tables include the nationwide prices up to 3 p.m. on Wall Street.







# Zoeller Captures Masters In Sudden-Death Playoff

By John S. Radosta

GUSTA, Ga., April 16 (NYT) — Zoeller, playing in his Masters, won the tournament today on the second hole of a sudden-death playoff.

defeated Ed Sneed, the third leader, and Tom Watson, who had a birdie three on the 11th hole of the Augusta National Golf Club.

It was the first time a sudden-death playoff in the Masters since 1935, when a policy was adopted that a sudden-death playoff would be used if the tournament was tied after 72 holes.

Watson and Zoeller finished the regulation 72 holes at 280, with Zoeller one stroke ahead.

Watson shot a 71, Sneed a 72, and Zoeller a 70. Zoeller's birdie putt on the 11th hole was the last putt he made.

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Sneed carded four bogeys on the back nine against two birdies.

As always, Jack Nicklaus was a threat. He came into the final round at four under par and reached eight under to tie Watson at the 16th and to pass Zoeller. But Nicklaus bogeyed the 17th after hitting a flyer over the back of the green. He chipped back well but missed the putt that would have saved par. He completed his round at 69 — 281, one stroke behind the leaders.

Sneed appeared to have the tournament in his grasp as late as the 15th hole, where he sank a four-foot putt that put him at 11 under par, three shots ahead of Watson and four in front of Zoeller.

But he simply fell apart with consecutive bogeys on 16, 17, where he three-putted, and 18, where his approach was short.

While Watson and Zoeller waited after their finish at eight under par, Sneed put his second shot on the 18th on the tip of a greenside bunker. He chipped six feet short. Then he lined up the putt for the par that would have won — but the ball slid by the cup.

Sneed encountered many of his troubles on the par-three holes. After pars on the first three holes, he bogeyed the par-three fourth- and sixth holes by missing the greens.

He reached the turn at 38, two over par, and got into trouble again on the 10th, where he was short.

Sneed's chip was five feet short, and his putt failed to make it.

Now he was down to nine under par while Watson was eight under, Zoeller six and Nicklaus seven.

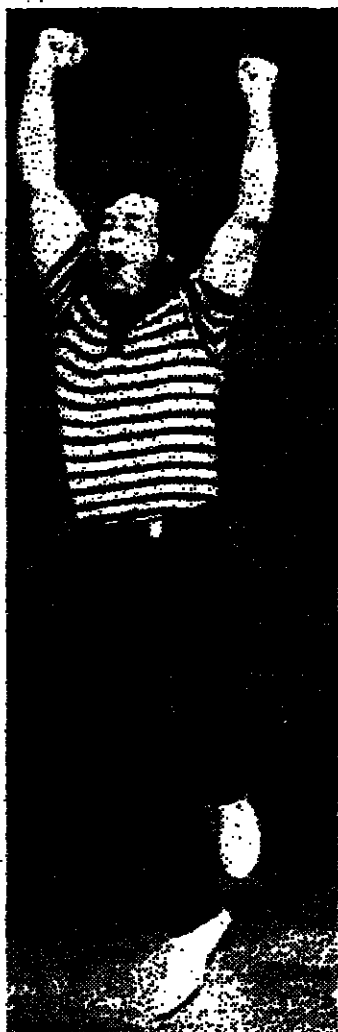
At the 16th tee, Sneed sank a four footer, giving him 11 under par.

He seemed to have won the tournament right there, with Watson still eight under par and Zoeller at seven on the strength of a birdie at 15.

Then Sneed's disintegration began. He hit a good drive on the 16th to about 20 feet but his putt curved past the hole to about four feet from the cup. Coming back up the slope, Sneed missed the putt to make him 10 under par. At 17 he again took three putts and was down to nine under par. Sneed held at eight under and Zoeller advanced to eight under with a birdie at 17.

Watson and Zoeller parred the 18th to finish at eight under, and all Sneed needed to win was a par four. But he couldn't deliver.

Watson couldn't buy a birdie most of the day. He started at seven under par and reached nine under with birdies at No. 2 and No. 3. But he bogeyed No. 4 to go eight under and there he stayed until the 14th, where he bogeyed to drop to seven under. But he regained a hole on the 15th and finished at eight, to lose, along with Sneed in the sudden death overtime.



Fuzzy Zoeller  
...in a victory leap

## Nuggets, Trail Blazers Eliminated

# Lakers, Suns Advance to NBA Semifinals

MINNEAPOLIS, April 16 (UPI) — The Los Angeles Lakers, led by Magic Johnson, defeated the Denver Nuggets 112-111 in a first-round playoff game.

The Lakers, who won their first NBA title in 1980, defeated the Nuggets, who were the Western Conference champions.

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Dan Issel gave Denver a 111-110 lead on two free throws with 18 seconds remaining. Abdul-Jabbar led the Lakers with 26 points and 11 rebounds.

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The Suns ran off 14 straight points at the opening of the fourth quarter. "We were due for one, and we just stuck with our game."

Davis led the surge, in which the Suns moved from a 76-68 deficit to an 82-76 lead with eight minutes left. The closest Portland got after that was five as Phoenix took the best-of-three qualifying series, two games to one.

Paul Westphal led all scorers with 26.

At Washington, Elvin Hayes and Bobby Dandridge combined for 61 points to beat the Atlanta Hawks, 103-89, in the opening game of the Eastern Conference semifinal series. The pair contributed 37 of the Bulls' 57 second-half points.

Hayes, fired up after Dan Roundfield blocked two of his first-half shots, punished the Hawks inside for 31 points and 15 rebounds while intimidating them on defense. He made 11 of 24 shots, but was seven of 12 from the floor after intermission.

Dandridge, coming off a two-day bout with flu, tossed up his usual assortment of running one-handers, graceful jump shots and smooth drives. He finished with 30 points, including 12 in the fourth period.

Early in the fourth quarter

Washington's Charlie Johnson fell to the floor and got up holding his knee. But the injury was diagnosed as a bruise and is not considered serious.

Spurs 119, 76ers 106

At San Antonio, George Gervin, with 31 points, and Larry Kenon, with 30, teamed up to spark San Antonio to a 119-106 victory over Philadelphia and a 1-0 edge in that best-of-seven series.

The Spurs took control of the game with less than three minutes gone in the first quarter and led 31-22 after one period. Philadelphia never got any closer, despite a third-quarter rally led by Darryl Dawkins' 13-point outburst. Dawkins led the 76ers with 25, 20 in the second half.

San Antonio's guards picked up Philadelphia's guard at mid-court, forcing the 76ers into 27 turnovers and resulting in 16 steals for the Spurs.

"They doubled our guards and rotated people," said Julius Erving, who scored 22 for Philadelphia. "They took us out of the stuff we wanted to run. We lost the game on mental errors."

Early in the fourth quarter

## NBA Playoffs

Eastern Conference Semifinal Round (Best of Seven)

April 17—Atlanta vs. Washington (Washington leads series, 1-0)

April 18—Atlanta vs. Washington (Washington leads series, 2-0)

April 19—Atlanta vs. Washington (Washington leads series, 3-0)

April 20—Atlanta vs. Washington (Washington leads series, 4-0)

April 21—Atlanta vs. Washington (Washington leads series, 5-0)

April 22—Atlanta vs. Washington (Washington leads series, 6-0)

April 23—Atlanta vs. Washington (Washington leads series, 7-0)

April 24—Atlanta vs. Washington (Washington leads series, 8-0)

April 25—Atlanta vs. Washington (Washington leads series, 9-0)

April 26—Atlanta vs. Washington (Washington leads series, 10-0)

April 27—Atlanta vs. Washington (Washington leads series, 11-0)

April 28—Atlanta vs. Washington (Washington leads series, 12-0)

April 29—Atlanta vs. Washington (Washington leads series, 13-0)

April 30—Atlanta vs. Washington (Washington leads series, 14-0)

May 1—Atlanta vs. Washington (Washington leads series, 15-0)

May 2—Atlanta vs. Washington (Washington leads series, 16-0)

May 3—Atlanta vs. Washington (Washington leads series, 17-0)

May 4—Atlanta vs. Washington (Washington leads series, 18-0)

May 5—Atlanta vs. Washington (Washington leads series, 19-0)

May 6—Atlanta vs. Washington (Washington leads series, 20-0)

May 7—Atlanta vs. Washington (Washington leads series, 21-0)

May 8—Atlanta vs. Washington (Washington leads series, 22-0)

May 9—Atlanta vs. Washington (Washington leads series, 23-0)

May 10—Atlanta vs. Washington (Washington leads series, 24-0)

May 11—Atlanta vs. Washington (Washington leads series, 25-0)

# Tigers Hand Rangers First Loss of the Season, 11-6

ARLINGTON, Texas, April 16 (UPI) — Sparked by Phil Mankowski's pinch-hit two-run single and Lance Parrish's two-run double, the Detroit Tigers scored seven runs in the ninth inning yesterday to give the Texas Rangers their first loss of the season after six victories, 11-6.

The two-out rally started when Sparky Lyle, pitching in relief, walked Lou Whitaker, surrendered a single to Steve Kemp and walked Jason Thompson to load the bases.

Jim Kern, the Rangers' other all-star reliever, was greeted by Tim Lincecum's pinch-hit infield single that scored Whitaker. Mankowski then singled in two runs, Lynn Jones singled in another, another run scored on an error and two more came home on Parrish's double.

A three-run homer by Oscar Gamble and a solo blast by Mike Jorgensen started the Rangers to an early lead, but Lyle's first poor performance as a Ranger enabled the Tigers to get back in the game.

With the Rangers leading, 6-1, Lyle, who had retired the first 14 men he faced as a Ranger, came in with two on and two out in the seventh and surrendered a three-run homer to Kemp.

Yankees 6, White Sox 4

At Chicago, Mickey Rivers doubled in the tie-breaking run in the ninth, then scored on Willie Randolph's single as New York defeated Chicago, 6-4. Juan Beniquez hit his first homer as a Yankee, a three-run shot. Ed Figueroa (1-1) got the victory and Mike Proly (0-2) took the loss. Claudell Washington had three doubles for Chicago.

Brewers 4, Orioles 2

At Milwaukee, Mike Caldwell outduelled Jim Palmer with a seven-inning shutout and ran his string of scoreless innings to 25 in pitching Milwaukee to a 4-2 victory over Baltimore. Palmer fell to 1-1. Larry Hise's two-run homer proved to be the decisive margin. Eddie Murray snapped Caldwell's streak with a leadoff homer in the ninth.

Red Sox 14, Indians 4

At Boston, Rick Burleson drove in three runs and Fred Lynn hit his fourth home run as Boston beat Cleveland, 14-4. Dennis Ekersley won his second game against one loss and Dick Drago picked up his first save. George Scott singled in two first-inning runs off the loser.

Mike Paxton (0-1), to begin the barrage.

Royals 12, Blue Jays 10

At Toronto, John Wathan singled home the go-ahead run for Kansas City in the eighth inning, then scored on Clint Hurdle's third hit, helping Ed Rodriguez earn his second victory against no defeats, a 12-10 decision over Toronto. Tom Murphy took the loss for Toronto, who got a solo home run from Rico Carty.

Angels 8, A's 1

At Oakland, Brian Downing had five hits and Rod Carew broke an 0-for-8 slump with four hits, including his first homer and four RBIs, in leading California to its fifth straight victory, an 8-1 rout of Oakland. Frank Tanana (1-2) went seven innings and gave up four hits, including a homer by Miguel Dilone. Matt Keough (0-1) took the loss.

Twins 18, Mariners 6

At Seattle, Jose Morales hit a three-run homer and Willie Norwood and Mike Cabbage added solo blasts to pace a 20-hit attack that helped Minnesota defeat Seattle, 18-6, and sweep the three-game series. Glenn Abbott (1-1), the first of five Mariner pitchers, took the loss. Jerry Kosman won his second straight game.

Astros 9, Giants 3

In the National League, at San Francisco, Jose Cruz drove in eight runs in a doubleheader in leading Houston to a 4-3, 9-1 sweep of San Francisco. Cruz hit a two-run homer in the first game to help J.R. Richard to his third victory without a defeat, and he knocked in six runs in the nightcap with a homer and two singles as Joaquin Andujar won his first game of the year.

Braves 11, Dodgers 4

At Los Angeles, Barry Bonnell and Jerry Royster each drove in three runs to spark Atlanta to a 11-4 victory over Los Angeles. Bonnell hit a two-run homer, his fourth of the season, in the eighth inning and also singled home a run in the second inning. Royster drove in a run with a sacrifice fly in the second and added a two-run double in the seventh.

Cardinals 9, Pirates 4

At Pittsburgh, Bernie Carbo's sacrifice fly and a three-run double by Keith Hernandez highlighted a five-run 10th inning that carried St. Louis to a 9-4 victory over Pittsburgh. The Cardinals, who trailed 4-1, got two runs in the eighth on a two-run double by Ken Reitz and tied the score in the ninth on singles by pinch-hitter Carlo, Gary Templeton and Ted Simmons.

Cubs 5, Expos 1

At Montreal, Dave Kingman hit a two-run homer and Bill Buckner

drove in two runs to back Lynn McGlothen's six-hit pitching and lead Chicago to its first victory of the season, a 5-1 decision over Montreal. The Expos' only run off McGlothen (1-1) came in the seventh, when Warren Cromartie singled and later scored on Gary Carter's sacrifice fly.

Padres 6, Reds 3

At San Diego, reliever John D'Aquisto doubled in a pair of runs and checked Cincinnati on three hits in the final 31 innings to spark San Diego to a 6-3 victory in the first game of a doubleheader. San Diego benefited from five Cincinnati errors in scoring all their runs. In the nightcap, the Reds collected six singles in the sixth inning to score four runs and pull out the victory, 7-5.

Phillies 3, Mets 2

At New York, Dick Ruthven and Tug McGraw combined on an eight-inning pitching Philadelphia to a 3-2 victory over New York in the first game of a doubleheader, and Nino Espinosa, pitching against his ex-teammates for the first time, combined with Ron Reed on a six-inning lead in the nightcap to a 6-3 victory in the second game.

Major League Baseball Standings

NATIONAL LEAGUE

East

West

AMERICAN LEAGUE

East

West

Today's Results

Monday's Games







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A Special Report

Part I

## Government Is Limiting Its EEC Leadership Role

By David Haworth

**B**RUSSELS (IHT) — Developments within the Common Market have had very uneven repercussions on West Germany during the past 12 months. They might be seen to signal a turning point in West Germany's relations with its partners in the European Economic Community — and that is not economically bombastic.

It is a trick that has worked so far. But with the establishment of the European Monetary System, albeit belatedly, the temptation for Germany not to fill its self-created political power vacuum in the EEC context becomes harder to resist. This is especially so in the case when some of the economic and monetary member nations of the Community are increasingly looking toward Bonn for leadership of one kind.

—SWE It is far too early for any definitive judgments about the EMS. Britain is still loitering on the sidelines and that in itself makes the system less than perfect. Moreover, EMS cannot tread water indefinitely; there has to be a system developed that will permit the European Currency Unit to be applied to the Common Market's agriculture. Without this, the system is no more than window-dressing.

How much credit does Chancellor Helmut Schmidt want for taking Germany into the first rank of nations as much as might be supposed, EEC officials who have watched his performance at recent summit meetings. The reason for this is that with the EEC's enlargement to 12 members, around the corner, the burdens of such EEC leadership might have been heavy a price tag.

—SWE If you handed the EEC to Germany on a plate, they would certainly say "no thanks," an EEC official commented. "The government in Bonn still consciously limits its power. Apart from anything else, if it did not, what effect would this have on France or on Britain? To say nothing of the other member countries."

**'Vigorous Form'**  
He added that restraint in the use of political power was not the thing as a loss of political vigor. "After recent dithering, especially over the nuclear power issue, the Federal Republic now seems to be in vigorous form," he said.

That is not a verdict many in the Community would dispute, but it is a long way from assuming the view that might be Bonn's if it were prudent to reach for it. To Germans, it does not seem anything that would be in their long-term interests — even though specific issues, the use of more might seem an attractive option.

The Germans held the EEC presidency during the last six months of 1978. For the Community as a whole and Germany in particular, it was a somewhat disappointing experience. The principle of setting up the EMS has already been agreed. Eight EEC members but it was still the major theme of German presidency.

At the very end of the year, the French president, Valéry Giscard d'Estaing, sprang an unpleasant surprise by announcing that adjustment would have to be made to the complex web of monetary compensation amounts before France would give EMS the green light.

That was a bad moment for Chancellor Schmidt, who had speeded the program into shape on the basis of his friendship with Mr. Giscard d'Estaing. However, those final difficulties were resolved 10 weeks after the scheduled EMS launching.

**Beneficiary**  
The last-minute problem brought the fact to others something for good reason: the Germans have been at pains to be shy about money, that they do very well indeed. The EEC's Common Agricultural Policy. Traditionally, the rich have always been thought of as the CAP's chief beneficiaries. West Germany also has its share of inefficient small farmers who are sustained by the EEC. Common Market energy policy. The Germans continue to show themselves firm advocates of the

By John Dornberg

**B**ONN (IHT) — Hyperbole may be common among politicians, so when some describe the situation in West Germany these days as a "miracle," the inclination is to write it off as just one more superlative.

But all facts considered, the word is neither ill chosen nor an exaggeration.

Thirty months ago, in the last general election, the governing coalition of Social Democrats (SPD) and Free Democrats (FDP) squeaked back into office with a paper-thin margin of the popular vote and a shaky Bundestag majority of only five seats.

Though Chancellor Helmut Schmidt was prophesying, almost defensively, that his administration was "committed for the duration" and would remain in power for a "full four-year term," there were few in West Germany willing to wager a penny on that promise.

Instead, the betting was that within a few months, at the latest by mid-term, the coalition would break apart. The chancellorship, it was predicted, would go by default to Helmut Kohl, the leader of the opposition Christian Democrats (CDU/CSU) who had won a stunning 48.6 percent of the total vote, a fraction short of an absolute majority. That had been a ballot-box triumph beaten only once in West Germany's postwar history — in 1957 by Konrad Adenauer when he was at the zenith of his power and popularity.

And for nearly two years, until as recently as last fall, as the government of Mr. Schmidt and his FDP coalition partner, Foreign Minister Hans-Dietrich Genscher, staggered from crisis to crisis, it seemed a safe prediction and a sure bet.

**Domestic Upheavals**

Besides the general threat of terrorism and political assassination, such as the murders of Solicitor General Siegfried Buback, banker Jürgen Ponto, industrialist Hannu Martin Schleyer and the Mogadishu hijacking of a Lufthansa jet, the Schmidt-Genscher government was rocked by an almost interminable series of other domestic upheavals.

In Mr. Schmidt's own party the rank and file was becoming increasingly impatient with what they regarded as his authoritarian style of leadership based on a minimum of consultation. Moreover, the SPD's left wing, of which he is acutely critical, was getting scornful of what it considered his rightist leanings, his

failure to deliver on costly election promises, and the mediocrity of his post-election cabinet.

The FDP on the other hand, the backbone of the coalition, seemed to be getting growingly recalcitrant over a variety of issues ranging from tax and budgetary plans to social reform and industrial democracy.

To contribute to the administration's malaise, it faced a CDU/CSU majority in the Bundestag, the upper house of parliament, strong enough to veto most bills and stalemate the government. It was being shaken by cabinet resignations and reshuffles, espionage scandals, eavesdropping cases and, on the one hand, bungling in the hunt for terrorists with, on the other hand, charges of police-state

methods in dealing with nonviolent political radicals.

Matters were complicated by the persistent unemployment figure hovering around 1 million, and a desultory economy which, despite pump priming, appeared incapable of a genuine recovery from the recession.

**World's View**

To be sure, in the eyes of the rest of the world, West Germany represented a bastion of enviable stability. It had the lowest inflation rate of any industrialized Western nation, the soundest currency, the biggest export and balance of payments surplus, the greatest amount of industrial peace and one of the highest standards of living in the world — higher, certainly, than any

generation of Germans had ever known.

Nonetheless, the West Germans themselves saw things differently. Despite all the objective factors, there was a groundswell of unrest and disaffection, "a gray cloud of suspicion, discontent and perplexity" in the body politic, as the influential weekly Die Zeit phrased it a couple of years ago.

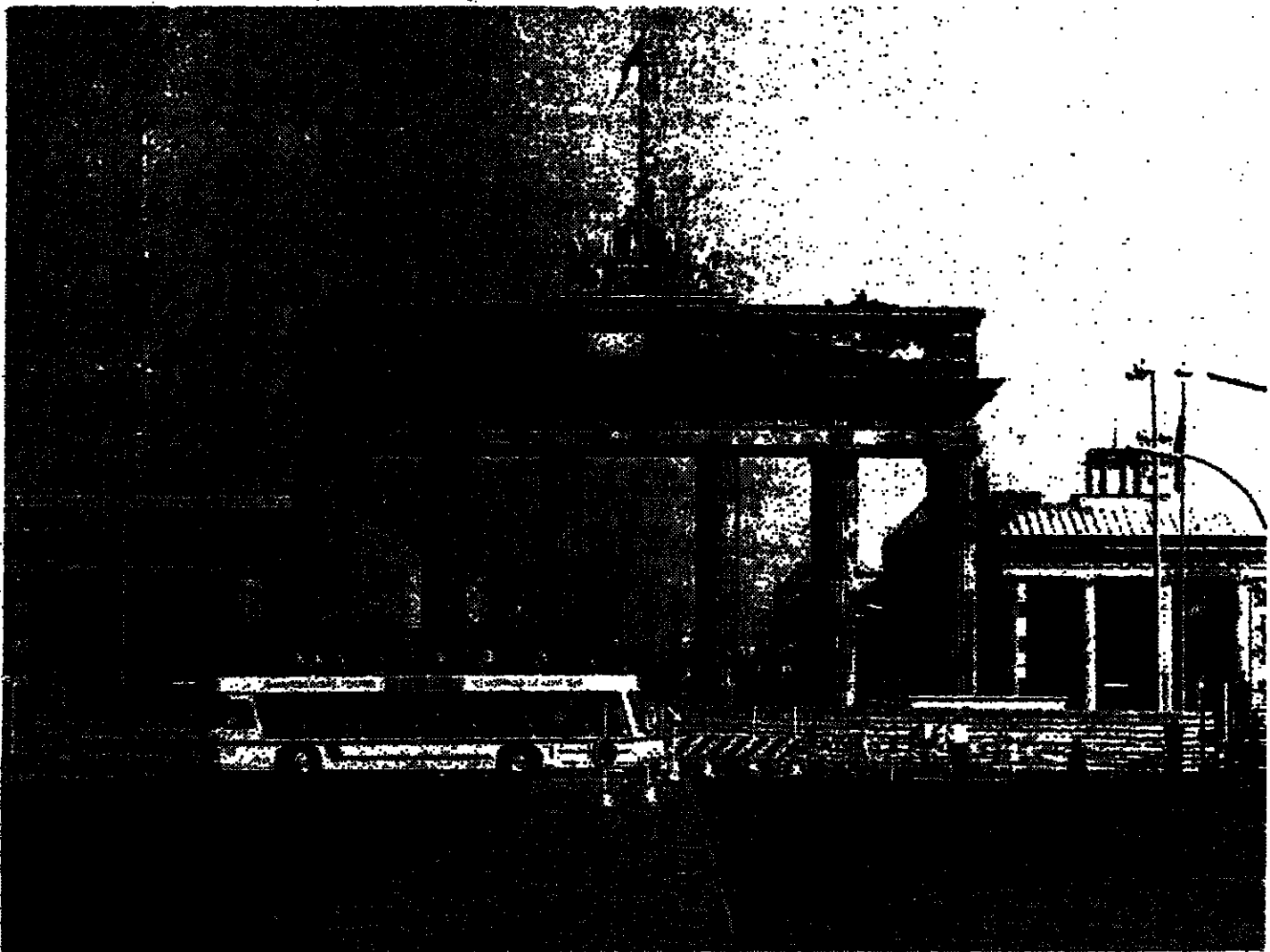
It was a situation, so the experts reckoned, in which a coalition government, returned to office by the skin of its teeth, rift by internal factional dissension and devoid of common purpose other than maintaining itself in power, could not possibly prevail for long.

**Solidly Entrenched**

Sooner or later, probably sooner, they predicted, it would fall.

Yet, today, 18 months before West Germans are again due at the polls for a general election, that government is more solidly entrenched than ever before. Not only is the coalition virtually certain to hold together, but the betting now is that in 1980, barring unforeseeable developments or circumstances, it will be returned to power with a larger percentage of the popular vote and more seats in the Bundestag than in 1976.

Indeed, though the pollsters' techniques differ almost as much as their partisan political loyalties, all recent opinion surveys show the SPD-FDP coalition leading with a



Brandenburg Gate, now behind the Berlin wall, has become a symbol of divided Germany.

comfortable margin over the CDU/CSU opposition.

If there were to be elections next Sunday the coalition, according to the most cautious estimates, would win by around 2 percent, and according to other polls, the margin could even be close to 3 percent.

The trend has been very evident in a series of state elections — Hesse and Bavaria last autumn, West Berlin and the Rhineland-Palatinate in March of this year. It is symptomatic of a remarkable political turnaround.

Much of the credit undoubtedly is due to Mr. Schmidt, whose even-handed, no-pathos, pragmatic conduct of government affairs and cool-headed crisis management have won him the title of Germany's "New Iron Chancellor."

Though the popularity of Mr. Schmidt's party still lags far behind, his own is now greater than that of Mr. Adenauer at the height of his power in the late '50s. Sixty-four percent of West Germans rate Mr. Schmidt's performance as "good" or "very good." Even in his heyday, Mr. Adenauer's rating never topped 55 percent.

And though it is merely a coincidence, the fact is that with the exception of Mr. Adenauer, Mr. Schmidt has now been in office longer than any other postwar West German chancellor — longer than Ludwig Erhard, Kurt Georg Kiesinger or Willy Brandt.

**Relaxed**

One reason for Mr. Schmidt's popularity and prestige may be that as he has settled into the job, he has become visibly more relaxed and self-confident. At age 60, he is no longer the feisty, ambitious politician who West Germans knew as "Schmidt the Lip," though he can still be pretty lippy when he chooses. It seems, rather, that he has taken a more realistic view of the old maxim that "politics is the art of the possible." Another reason may well be that the Germans have simply become accustomed to him and his style.

Whatever the case, the consensus among the voters and the political observers who mold opinions in this country is that there is just no alternative on the horizon to Mr. Schmidt or the SPD-FDP coalition — at least not in 1980.

But even more than Mr. Schmidt, the coalition is indebted to the Christian Democratic opposition and its leader, Mr. Kohl. The CDU/CSU has virtually handed the next election to the SPD-FDP by default — thanks to its interlocking intramural squabbles and uninspiring, lackluster performance.

"Never before," says Rainer Barzel, Mr. Kohl's predecessor as CDU/CSU leader, "has an opposition made the job of governing so snugly easy for a chancellor."

The reason, according to many Christian Democrats, is that Mr. Kohl is such a political lightweight and so ineffectual. No one doubts his effectiveness as a campaigner. After all, his folksy "good-burger-from-next-door" electioneering style nearly made him chancellor. But Mr. Kohl, a neophyte in the Bundestag and a man with distinct-

## Economy: 4-Percent Growth Expected

By Darrell Delamaide

**H**AMBURG (IHT) — It was a hard winter. The 44-day strike in the West German steel industry was not only the industry's first strike in 50 years but also the longest strike in the 30-year existence of the Federal Republic. Then there was the dramatic development in Iran, West Germany's main oil supplier and biggest trading partner among the Organization of Petroleum Exporting Countries. Finally, to top things off, the northern part of the country was hit twice by cold and blizzards that paralyzed commerce.

But spring was not far behind, and not even this combination of unfavorable events, let alone the growing number of political flashpoints elsewhere in the world, seriously dampened the optimism of economists analyzing the 1979 outlook here.

Wage increases, despite the strike, averaged a moderate 4.5 percent. Iran has resumed oil exports, and, even if world market prices are showing an unexpected rise, the problem lies with price and not with supply. And the snow has melted.

Even if everything is not coming up roses, the advent of spring found economists in the government, the research institutes and the banks in a rare consensus — real growth in the gross national product should be about 4 percent this year, after last year's surprisingly good 3.4 percent inflation, at around 3 percent, will be slightly higher than the 2.6 percent of 1978, and there may even be some improvement in last year's jobless rate of 4.3 percent.

The economic upswing that set in last spring is expected to continue with full force this year and well into 1980, driven primarily by strong investment activity in machinery and equipment but supported by continued strong consumer and public-sector spending. Exports, meanwhile, are likely to increase even more than last year's (in real terms) as the scene of stronger economic activity shifts from the United States to Western Europe. This is another important



Ships of the world line the docks of Hamburg's busy harbor.

pillar for an economy in which exports account for a good one-fourth of GNP (27 percent in 1978), and half of that goes to fellow members of the European Economic Community. Already in the fourth quarter of 1978, the Bundesbank notes in its February monthly report,

West German exports to Belgium and Luxembourg were up 18 percent from the corresponding 1977 period, to Denmark, up 14 percent, to Italy up 12 percent, to Britain, up 10 percent and to France, up 9 percent.

The central bank explains that in addition to stronger growth in the EEC partners, the export increase results from the relative exchange rate stability between the Deutsche mark and other European currencies — a stability that made the official introduction of the European Monetary System in March almost anticlimactic.

In fact, Germany boosted its export surplus to almost 41 billion DM in 1978, from 38 billion DM in 1977. The increase came on a nominal 5.8 percent rise in exports and a nominal 4.2 percent increase in imports. But, German economists quickly point out, in price-adjusted terms, the trade surplus actually declined. The reckoning provided by economists at Düsseldorf bank, Trinkaus and Burkhart, explains that a 1-percent average increase in export prices along with an average 2.5-percent decline in import prices means that exports were up only 5 percent in real terms, while imports increased a real 7 percent. In 1970 prices, the trade surplus was actually down 3 billion DM, or 10 percent, the bank claims.

The decline in import prices is, of course, an important side effect of the mark's appreciation in currency markets, and results mostly from the 11-percent decline in raw materials prices in 1978. This is the other side of the coin to the risk to

(Continued on Page 8S)

## Recent Signs Suggest End To 'Industrial Peace' Era

**M**UNICH (IHT) — The "English disease" may not yet have infected West Germany, but during the past 18 months there have been unmistakable signs that an era has come to an end here.

It was called industrial peace and it lasted 30 years.

Even more than making the country a model that others envied and hoped to emulate, it contributed significantly to Germany's postwar industrial prowess and affluence.

Those were the decades when German labor unions used to baffle foreign observers by appearing so unlike unions anywhere else. Eschewing militancy, their approach since the end of World War II had been to minimize conflict, prevent confrontations and to help create a spirit of "partnership."

Under the banner of *vermunft* — common sense — trade union leaders appeared almost as concerned about increasing corporate profits as the shareholders.

They agreed to hold down wage demands so as to enhance indus-

try's investment potential and readily adjusted their goals to conform with the nation's economic aspirations. When management would insist that productivity had to increase, labor usually made sure that it did.

In turn, management used to wax glowingly with compliments for labor's "sense of responsibility."

**Givers and Takers**

The relationship seemed to be reflected in the language itself. Labor and management are called the *Sozialpartner* — social partners. The term for management is *Arbeitgeber*, literally meaning "work-giver," while that for labor is *Arbeitnehmer*, which translates as "work-taker."

Increasingly, the distinctions between the two seemed to blur, especially as the unions themselves became big Arbeitgeber.

For example, the German Federation of Trade Unions (DGB), with its 16 affiliated trade and industrial (Continued on Page 11S)





# Helmut Schmidt: Archetype of a Politician-Turned-Statesman

By John Dornberg

**B**ONN (IHT) — "Helmut Schmidt is still in the process of developing himself," crusty old Konrad Adenauer once said, "but when he's finished with that task, watch out. He'll be someone to reckon with."

Wily as he was, Mr. Adenauer was also a shrewd judge of people. But not even he would have dared predict back in the 1950s that the stubby, feisty politician from Hamburg, then known in the Bundestag as "Schmidt the Lip," would be sitting on his chair as West Germany's chancellor of the 1970s.

Even more amazing, considering the political circumstances that brought him to power in May 1974, Mr. Schmidt is now being likened to his towering predecessor. He has already been in office longer than any other postwar German chancellor, with the exception of Mr. Adenauer, and his popularity and performance ratings are currently 9 percent higher than the highest Mr. Adenauer ever scored. Moreover, they are still climbing.

Today, at the age of 60, tempered by the years and consummately self-confident in the knowledge that he is firmly entrenched at the apex of the political ladder, no one would think of, nor is there much reason for, calling him "Schmidt the Lip," though when he chooses — on the campaign trail, in Bundestag debates, and when dealing with his Social Democratic Party's vexing and rambunctious left wing — he can still be pretty lippy.

## 'Super Schmidt'

Instead, he is the archetype of a politician-turned-statesman, and headline writers now refer to him as "Super-Schmidt" and the "New Iron Chancellor."

"It is unfortunate that all human beings must age," Marion Doenhoff, publisher of the influential weekly *Die Zeit*, recently said of the chancellor, "but in the case of some it is worthwhile."

He is the unchallenged political leader of Western Europe. Diplomats are dazzled by him, foreign heads of government stand in awe of him, and two U.S. presidents — Gerald Ford and Jimmy Carter — have asked for and taken his advice.

Like no other West German

chancellor before him — not even Mr. Adenauer nor Willy Brandt, whom he succeeded in office nearly five years ago — Mr. Schmidt has made his country's influence, power and authority felt around the globe. And he has done so by never attempting to paper over its ugly Nazi past, admitting and cautioning his countrymen that the legacy of their history will haunt them for generations, while simultaneously stressing West Germany's achievements and contributions since World War II.

Thanks largely to his astute, unruffled, pragmatic management, West Germany pulled out of the world's worst crisis since the 1930s faster than any nation. It has the lowest inflation and unemployment rates and boasts one of the strongest currencies in the industrialized world. It is an enviable island of economic stability and affluence, of social peace and political moderation, in a worldwide sea of crisis and chaos.

Those would be achievements enough for any man, but Helmut Schmidt waxes scornfully indignant at the notion that he has reached some sort of zenith.

A short (5-feet, 8-inch), wiry and energetic man who has had several operations and years of treatment for a thyroid disorder, he maintains an almost youthful, athletic trimness. And he makes no secret of his ambition and intention to govern West Germany for at least another four years after 1980, if not even beyond 1984.

A native of Hamburg, he is steeped in that city-state's centuries-old tradition of independence. He speaks with the crispness of the sea and thinks with the calculating toughness of the merchant princes who made it a commercial power as long ago as the Middle Ages.

His friends and supporters, such as Defense Minister Hans Apel, say that he has a "computer mind" bordering on genius, but those less enamored of him say he is "intellectually arrogant," a "compulsive know-it-all" who never listens to the opinions of others. Certainly he is contemptuous of and impatient with fools.

"Blah-blah conversations, because he thinks faster than others," says Mrs. Doenhoff, "definitely



Chancellor Schmidt speaks his mind with a razor-sharp tongue.

make him impatient because they are a waste of time and bore him. But when he meets someone with new knowledge, constructive criticism or interesting opinions, he becomes an attentive listener for whom time is no longer important."

## Winner at Chess

The sharpness of his mind becomes most evident at chess — a game to which he is almost addicted. He passes up no opportunity to challenge his aides, cabinet members, other politicians and world leaders to a match. He rarely loses, but when he does he does so poorly. Losing is not for Helmut Schmidt.

He has been called commanding and schoolmastery, and several years ago, when he criticized the Italian government and lectured Rome about the conduct of its economic affairs, he triggered an uproar in Europe, with the French daily *Le Monde* calling him "Le Feldwebel" — the top sergeant.

Upbringing and heritage may have something to do with that. Indeed, he is the son of a high-school teacher — a strict disciplinarian who countenanced no fool-

ery, literally or figuratively. Excellence to the point of perfection — in himself and others — has always been Mr. Schmidt's criterion. That he would graduate as valedictorian of his Hamburg high-school class in 1937 was simply understood.

Accomplished at sketching and painting, and close to being a professional on the organ — his preference is for Bach — he had an artistic bent as a youth and wanted to be either an architect or city planner. His ambitions were thwarted by the Reich Labor Service, which conscripted him after graduation and then by the Wehrmacht in which he served as an anti-aircraft artillery lieutenant on both the Russian and Western fronts. He experienced the end of the war as a prisoner of war in Belgium.

After VE Day, he returned to Hamburg, married his classmate Hannelore, better known as "Loki," a teacher, and entered the university from which he graduated with a degree in economics in 1949. His principal mentor and professor was Karl Schiller, a man with whom, a quarter century later, he was to share a berth in Mr.

Brandt's first cabinet and with whom he used to argue so bitterly that Mr. Brandt couldn't bear to remain in the room with the two. Ultimately he replaced Mr. Schiller, getting his portfolios as finance and economics minister.

Active in the Social Democratic Party (SPD) from 1946 on, and chairman of its Socialist Student Federation from 1947 to 1948, he worked for the Hamburg city-state government after graduation until elected to the Bundestag in 1953.

## Individualist

A strict individualist, he stunned his party in 1957 by joining the new West German army's reserve officer corps at a time when the SPD was still officially on record as opposed to rearmament and membership in the North Atlantic Treaty Organization. But he soon gained a reputation as his party's leading military affairs expert. His book, "Defense or Retaliation," published in 1961, is a classic of modern strategy.

In 1961, believing the SPD would never win a national election, he returned to Hamburg politics as interior minister of the city-

states' SPD government. During a 1962 flood there, he demonstrated his exceptional decisiveness and organizational talent. His crisis management, flitting from disaster scene to rescue operations, won him national attention for the first time as "der Macher" — the doer.

Back in the Bundestag in 1965, he immediately reconfirmed his reputation as one of parliament's most brilliant, witty, lippy and sharp-tongued debaters. He was perhaps at his lippest during one acrimonious exchange over the vacillating policies of Ludwig Erhard, the Christian Democratic (CDU) chancellor.

## 'Nailing Jello'

"Pinning him down," Mr. Schmidt said in a remark that has since become legend, "is like trying to nail a jello pudding to the wall."

In 1966, when Mr. Erhard's government fell and the SPD joined the CDU in a grand coalition, most political pundits expected Mr. Schmidt to demand and get a cabinet post. An ambitious and savvy political tactician, he held out for something even better than a ministerial portfolio.

This correspondent still recalls waiting outside the SPD caucus room in the parliament building that day when the jobs were being distributed and asking Mr. Schmidt, as he emerged with Mr. Brandt and others, what post he would have in the new government.

"None," he said, grinning. "I've been named SPD floor leader."

It was a position that assured him of precisely the public exposure he wanted at the time. It would give him a high profile in an era that he knew would be marked by facelessness on the government bench.

In fact, he did not enter the government until Mr. Brandt became chancellor in 1969 — first as defense, later as economics and finance minister. In both jobs he displayed political toughness and skill.

## Private Life

A fan of baroque music, an insatiable reader, and more interested in the arts and intellectual pursuits than his reputation for unapologetic pragmatism would indicate, Mr. Schmidt has few close personal

friends and is a politician who keeps his private life precisely that. His wife and their 32-year-old daughter are seldom ever in the limelight.

Home to the Schmidts is still the modest five-room row house in a Hamburg suburb, which they bought and financed with a mortgage in the 1950s. It has become almost a tradition in the five years of his chancellorship that visiting heads of state and government — Leonid Brezhnev, Valery Giscard d'Estaing, Jimmy Carter, to name a few — must spend a day or night there and sump Mrs. Schmidt's simple northern German cooking.

Vacations are traditionally spent in a small cottage, bought almost 30 years ago, on the banks of the Brahm Lake in Schleswig-Holstein. An incurable smoker, Mr. Schmidt once gave up mentholated cigarettes to take up pipes, of which he soon amassed a collection. During the past few years the pipes have been put into mothballs and the cigarettes are back, bolstered by snuff, which he made fashionable in Germany and highly recommends to all.

He rarely drinks alcohol, and when he does, can take but small amounts before feeling the effects. A Bonn luncheon with Mr. Brezhnev last year, during which the Soviet leader insisted on leaving the vodka flow like a river, forced Mr. Schmidt to retire to the chancellery and take a two-hour nap before he could resume the reins of government. Instead he imbibes Coca-Cola by the quart.

## 'Clover Leaf'

For all his apparently simple and good-burger tastes, he is vain. It has been said that he considers a pocket comb his most important equipment. Certainly, whenever he passes or stands in front of a mirror or reflecting glass he can be seen rearranging his wavy gray hair.

He conducts the affairs of government with a remarkably small kitchen cabinet, which he calls the "Clover Leaf." Including himself, it has four members: Minister of State Hans Juergen Wischnewski, chancellery chief Manfred Schnelzer and the head of the Press and Information Office, State Secretary Klaus Boelling, a former television correspondent. The group meets almost daily and it is in this small

circle that the key decisions are made.

There was a time when Helmut Schmidt must have believed that the art of politics is accomplishing what others considered impossible. Five years at the apex of power, albeit limited by its realities, seem to have taught him the validity of the older maxim that politics is the art of the possible.

Occasionally, his trip-wire mind, impatience and sharp tongue still get him into trouble.

He has little if any use for his party's left wing or its youth organization, the Jusos, who regard themselves, and perhaps are, the SPD's ideological heart and conscience. "You are preoccupied with the crises in your brains instead of the economic realities with which we have to deal," he told them sharply at a regional party conference several years ago.

## Tolerance

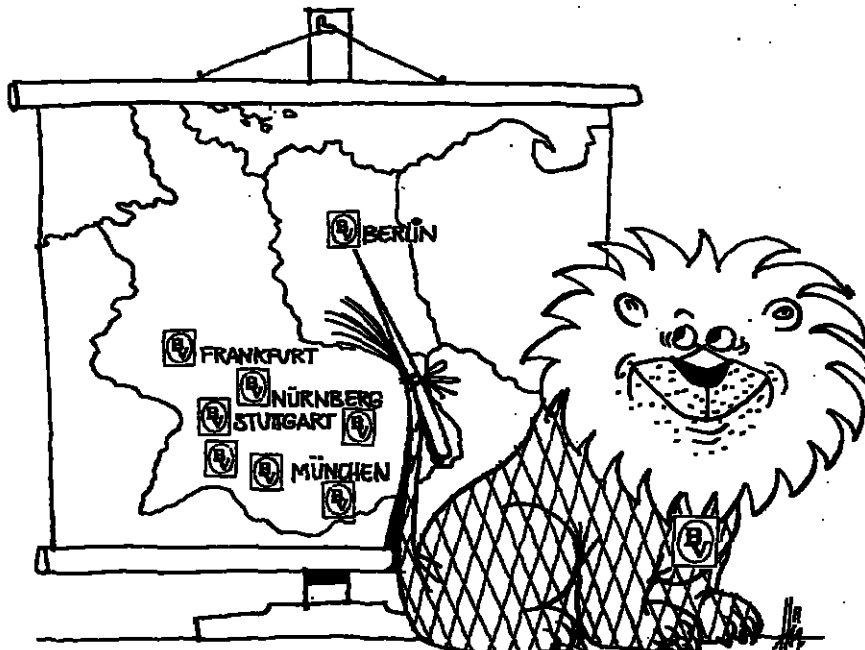
So it is small wonder that the party that he keeps in power by dint of his personality and accomplishments cannot warm up to him. The SPD is not really the chancellor's party, and Mr. Schmidt is not the party's chancellor. But he needs — and therefore tolerates — each other.

Nothing would please him more than an opposition in parliament and an opposition leader who would make governing a little less "snuggly easy" for him. He enjoys baiting and does not mind being baited. He does not consider the CDU's Helmut Kohl an equal or worthy opponent, but regards the CSU's Franz-Josef Strauss in a completely different league — his own.

He is hardly a man who is loved or evokes warm responses. But he is admired, respected, trusted and politically popular. He has always been a formidable campaigner who cuts opponents to confetti with his rapier-like intellect, slashing humor and razor-edged tongue. But five years as chancellor have revealed him to be an even more effective governor and administrator.

The consensus in West Germany today is that there is no alternative, no substitute for, him now or in 1980. West Germans seem to be convinced that he is the best man for their country. So, it appears, Helmut Schmidt.

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APRIL 1979





# East Bloc Maintaining Importance as Export-Import Partner

By John Dornberg

MUNICH (IHT) — The president and chairman of about a dozen of West Germany's largest export and import associations were assembled in the city and listening attentively to a curious, enthusiastic superlatives — the Soviet Union's Leonid Brezhnev.

"We're offering you unlimited opportunities," Mr. Brezhnev told a group of blue-chip industrialists. "Don't wait, don't hesitate to do business with us. Get in on the ground floor with us now."

That was nearly six years ago, in the June of 1973, when Mr. Brezhnev came to Bonn on what was then his first official visit ever to a Western capital.

The offer sounded great, especially when the Soviet leader held forth the promise of cooperative trade that could extend over periods of 30, 40, and, gentlemen, why not 50 years.

Ask some of those same top-ranking executives — for example, the chairman of Beitz of Krupp, Egon Verbeck of Mannesmann or Bernward Plettner of Siemens — what has happened to all those glowing promises, and they will smile or frown, and there will be a long and tedious reply.

The boom of East-West trade, which was once the Soviet Union's mainstay, is fading. It is not the Soviet Union's mainstay, but it is still a major part of its economy.

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munist countries have all been in a period of belt-tightening.

Throughout the bloc, growth rates have been down for the past three years and planned targets through 1980 have all been scaled down, in some cases dramatically — sometimes barely keeping pace with population growth. The targets are among the lowest since World War II.

They are deeply concerned about their chronic payments deficits in trade with the West and have become increasingly sensitive to Western publicity about their soaring external debt.

As a result, throughout the bloc, the word from on high has been to wind down and keep on the clamps. There has been a dramatic shift in policies and priorities during the past two to three years. The standing order has been to stop importing all but essentials from the West and to boost exports.

The prognosis for at least the year or two ahead, with the notable exception of China, are "more of the same." At present there are no spectacular deals on the horizon.

"On the whole," says an expert at West Germany's ministry of economics, "there is a definite trend toward consolidation. For the foreseeable future the dynamics seem to be out of East-West trade."

That was apparent last year when Mr. Brezhnev came on his second trip to Bonn. Although there was no dearth of oratory and he and Chancellor Helmut Schmidt signed a 25-year economic cooperation agreement that government spokesmen for both sides hailed glowingly as "a political act without parallel in the recent history of the world," West German business and industrial leaders remained unmoved.

The majority, including some of the pioneers and architects of East-West trade, felt that the agreement was a vague piece of cosmetics intended to prop up Mr. Brezhnev's image and paper over the fact that the most important aspect of his visit had simply been that he had made it.

The document provides a framework for development of commerce, industry and technology in an initial 10-year phase, renewable for three five-year periods. It calls for joint development of industrial plants, products and equipment; exploitation of natural resources including seabed mining projects and cooperation in the production of energy, in banking, insurance, transportation, service industry projects and in the building of machines, steel and chemical products and automobile manufacturing.

But a framework without specifics is all it really is. Industrialists, such as Otto Wolff von Amerongen, the president of the Chamber of Industry and Trade (DIHT) and regarded as one of the original advocates of West German trade with the East, even noted caustically that the Soviet Union had stopped trying to lure them with the familiar bait of "Siberia's wide open spaces and unlimited opportunities."

West Berlin's Institute for Economic Research (DIW) has recently calculated that intra-German trade between West and East Germany, which last year totaled 4.5 billion DM in exports to and 3.9 billion DM in imports from the East, has "virtually no significance" in the Federal Republic's employment picture.

But there are estimates that at least half a million jobs in West Germany — out of a labor force of 24 million — are more or less directly dependent on trade with the Communist area.

Some branches, notably the machine-tool industry, attribute many of their recent difficulties, including layoffs and a spate of company failures, to the disinclination to buy by the Communists.

More than 90 percent of the companies in that field are medium and small-sized businesses with 100 employees or fewer. Indeed, three-fourths of the registered firms have fewer than 25 people on their payrolls. It is a highly export-oriented industry in which foreign trade accounts for more than 70 percent of turnover and trade with the Communist countries for as much as 25 percent.

The industry has been troubled ever since the early 1970s, and in recent years a number of reputable firms have gone bankrupt.

Klaus Welcker, head of Cologne's Alfred H. Schuetz Co., one of the larger machine-tool makers, believes there "is no question that several company failures were in connection with the delivery conditions of their East European dealings." According to another manufacturer, "the competition for export orders is so tough that some firms simply make deals that are

not economically or financially justifiable."

But despite the slowdown and gloomy prospects, trade with the East remains a huge factor in West German calculations, and there are still reasonably bright opportunities for the willing, and able, to play the game according to the current Communist rules.

## Barter Deals

Those rules, aimed and thus far succeeding at boosting Communist exports, entail barter deals, elaborate buy-back arrangements and above all compensation and counter-purchase contracts which obligate the West German supplier to accept a percentage of payment in Communist merchandise of one kind or another, whether he can use it or not.

Throughout the past two years — and the coming ones seem destined to be worse — the percentage has been rising steadily and the variety of merchandise has been getting more exotic and unsalable.

"If you want to do business with them," cautions one veteran East-West trader, "then be prepared to get pigskins for your computers, rabbit furs for your trucks or a handful of live fish for your machine tools."

Some countries — East Germany, Poland and the Soviet Union are the crassest examples — are making compensation and counter-purchase requirements of more than 40 percent and occasionally up to even the full value of the deal, virtual preconditions for any order. The supplier who refuses to go along with such demands simply loses out to a competitor who does.

A "pigskin" is what scores of West German businessmen called last year's barter deal by which Volkswagen delivered 10,000 of its Rabbit models to East Germany. To the dismay of other manufacturers and suppliers who are trying to force the East Germans to scale down their compensation and counter-purchase demands, VW agreed to accept 100-percent payment in the form of counter-deliveries.

These included lignite, heating oil, bicycles, machine tools and automotive parts for use on other VWs.

## 'Scandal'

A spokesman for the West German machine tool and automotive supply industry called that "a scandal."

"There has never been a barter deal of this magnitude before," he said, nor has anyone before caved in so completely to East German

demands. It sets a precedent with catastrophic consequences."

"The current trend," says one West German manufacturer, "is like going back to the slingshot or bow and arrow. Anyone who accepts barter or compensation goods for more than 10 percent of payment due is sure to wind up with a loss. But what can you do?"

"East-West trade," according to one of its most prominent pioneers, Mr. Beitz, the chairman of Krupp, "has started to become like the barter trade of the Stone Age: Wooden clubs in exchange for bone tools, bones for pelts and pelts as payment for flint axes."

Actually, barter is what got East-West relations off dead center when men like Mr. Beitz first began trading with the Communist countries in the late '50s and early '60s. But after a while, as the Soviet bloc economies began perking up and export-import credits became available, barter fell into disuse, especially when it became increasingly apparent that there were few if any markets in the West for the majority of Communist goods.

Revival of that kind of trade is the upshot of the present economic situation in Eastern Europe.

Of course, not all barter, compensation, counter-purchase and buy-back deals are necessarily bad.

One of the biggest and most famous was the sale of 3.5 million tons of large-diameter pipe for oil and gas pipeline construction to the Soviet Union by Mannesmann and Thyssen. In exchange, the Russians are committed to supply West Germany with 7 trillion cubic feet of natural gas until the year 2000.

Other sophisticated arrangements call for buy-back. Krupp-Koppers, a Krupp subsidiary, for example, is heading a consortium to build coal gasification plants valued at \$1 billion near Katowice in Poland. A joint Polish-German marketing company has been established in Hamburg to handle sales of the plants' output when they come on stream.

On the other hand, some arrangements are so bizarre and exotic that they defy description. For a large order to Yugoslavia a couple of years ago, one West German tractor manufacturer received partial payment in cash, the rest in delivery of half a million gunnysacks and 50,000 live carp.

Although the Communist countries have certainly improved the quality of their merchandise in recent years and have also carved out a few good markets for themselves, the goods delivered under most barter and counter-purchase deals

are often substandard or simply unmarketable.

"Much of it," says one East-West trader, "is what they know they cannot export directly or sell on their own in the West, and some of it they cannot even sell to each other or dump on the comrades at home."

Yet, with a heavy sigh and audible groans, not to mention substantial markups on the goods and technology sold to Eastern Europe, as protection against potential losses on counter-purchase merchandise, West German suppliers are plodding ahead and agreeing to such arrangements in the hope that the Communist world will once again become a market of unlimited opportunity.

To help out losses, manufacturers and suppliers resort to complex third-country arrangements to dispose of unwanted commodities. Since the disposal problem is complicated, particularly for firms attuned primarily to manufacturing and selling, a number of large West German corporations such as Krupp, Daimler-Benz and Siemens have established their own autonomous trading subsidiaries. Some others have set up special departments that operate under mysterious-sounding pseudonyms, at Hoechst Chemical Corp., for exam-

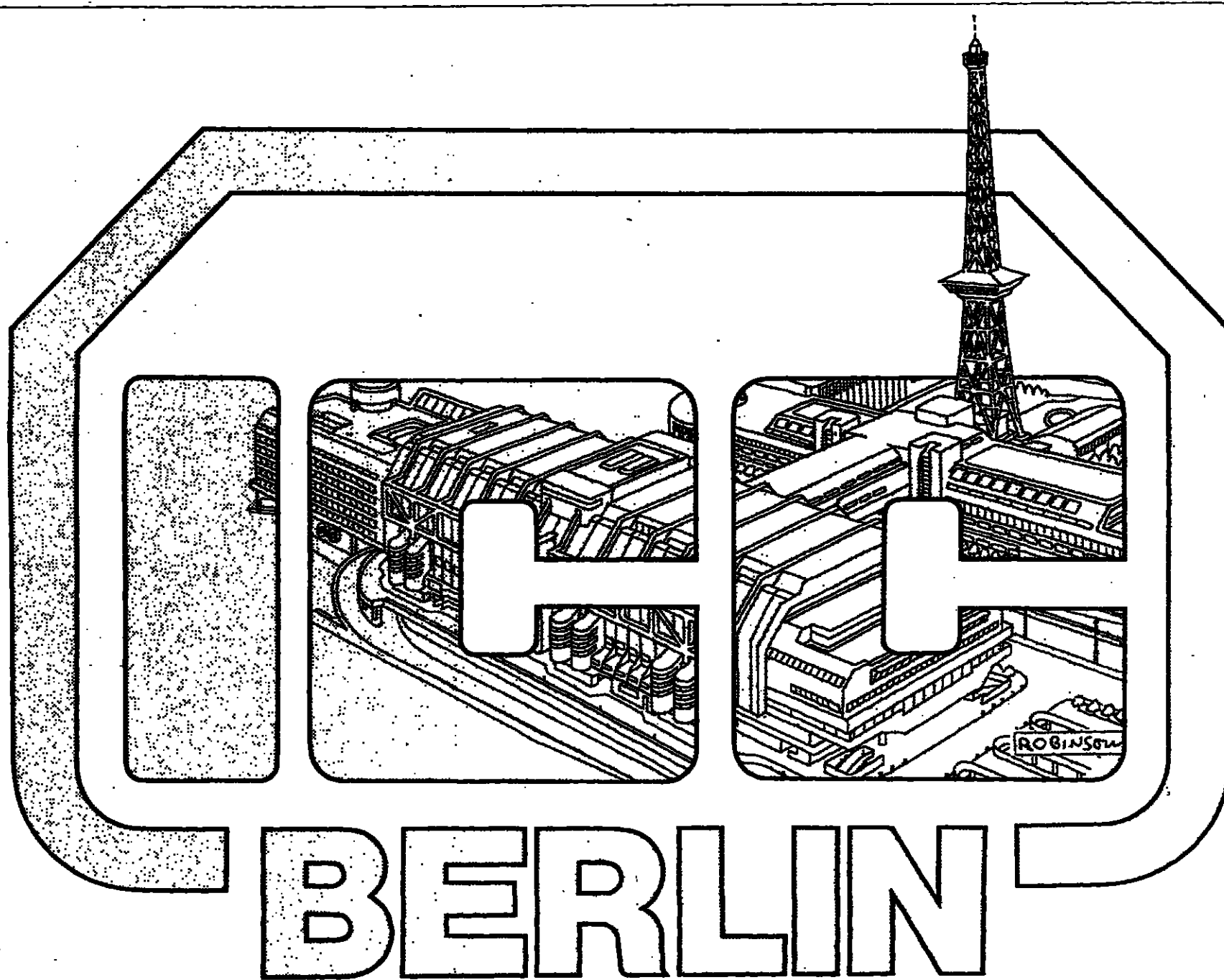
ple, it is euphemistically called "Department S."

Smaller companies turn to "specialists" in the field, sometimes called "compensators" and "switch traders," located in Frankfurt, Munich and Hamburg. For all the wheeler-dealer image ascribed to them, the majority are actually long-established, respected merchant houses and trading firms.

## Examples

In Munich, there is Count Konrad Montgelas, head of Ixetex Co., who thinks of himself as a kind of "commodities matchmaker." "The good 'specialist,'" says Count Montgelas, "should show his Communist partners how to produce, design, package and market so that counter-purchase becomes unnecessary."

But before that happens, the prospects are that there will be more barter and compensation deals. East-West traders here are even telling jokes about them like the one in which a chicken offers to give a pig a dozen eggs in exchange for a ham. The pig thinks it over a moment, then says: "But that's no deal. To give you a ham I'd have to be slaughtered." The chicken shrugs and replies: "Well, so what. Have you ever seen a barter deal where someone doesn't lose?"

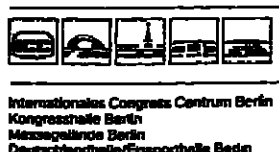


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## Must Import

fact, what East-West traders have been learning over the past years is that they cannot count on selling without also buying. There has been a much greater rise in imports from the Communist countries than from the West.

There is considerable rhyme and reason to the turnaround in what experts a decade or two ago — West Germany's economic growth — were predicting would be the rosy pattern of the future.

Faced with worsening terms of trade, their spiralling inflation, reduced growth in their economies, the demoralization of the Western economy and other factors, the Com-

munist countries have all been in a period of belt-tightening.





# Country's 7 Million 'Singles' Would Prefer Not to Be Alone

By Regine Droop

**COLOGNE (IHT)** — "The weekends are the worst," said Gisela Schneider, a 39-year-old secretary who lives alone in a modern two-room apartment in Düsseldorf.

"Saturday is bearable. I have things to do, shopping and cleaning. But Sunday is sometimes horrible. Naturally, I could take a walk, go to the movies or to the theater. But you meet couples and families everywhere and feel even more alone. Sometimes I am really happy when I have to work again on Monday and can talk with the people there."

Mrs. Schneider is one of 7 million people who live alone in West Germany. Of the total 24 million households in this country, 29 percent — more than a quarter — are one-person households.

Most of the 5 million women and 21 million men who live alone here would agree with the Bible that "it is not good for man to be alone."

With few exceptions, they do not consider their situation ideal. Then why do they not live with others?

The main reason is probably that one must understand someone else very well to share an apartment with him or her or to set up a *Lebensgemeinschaft*, an increasingly common arrangement, in which a

number of people live in one apartment and share the rent and all other costs. It is also usually a matter of luck to find such partners. Even a matchmaking computer can only compare external data; it does not supply a guarantee for harmony.

## Divorces

Many a happy couple, joined together forever, eventually finds its feelings and plans in ruins, as about 100,000 divorces a year in West Germany confirm. Each member of the marriage — provided he or she does not immediately have new partners — returns to being alone.

The unmarried, the separated and the divorced account for most of those living alone among the younger and middle-aged. Among the older ones, it is the widows.

More than 3 million widows, most of them more than 60 years old, form the largest group of people living in one-person households. Many of these women lost their husbands in World War II and live on a modest pension.

Like most of the younger people living alone, the widows do not want to do so. Except for a few determined loners, lifelong male and female bachelors and the formerly married who never want anything to do with the other sex

again, almost all those living alone would prefer to change their status. And the sooner the better.

They feel themselves disadvantaged in many ways, which they truly are. And not only materially. Living alone has psychological and social aspects that are all too easily overlooked by others.

## Money

To start with money: Those who live alone are in the most unfavorable income-tax bracket despite the fact that in each case only one person must bear the costs of the rent, household utilities, telephone and car. No one denies that it is more expensive to live alone. Those living alone cannot save by buying in large quantities or by stocking up with reserves, and they usually would not have the room for them. Small portions and small packages are more expensive. Single rooms

in hotels are not only more expensive but also usually not as good as double rooms.

The financial disadvantages can be a burden for the old, unemployed and others living alone who must count their pennies. But most of those alone consider other disadvantages harder: No one waits for them at home, no one brings tea and pills to their bed when they are ill and, on most holidays, they are alone.

All the practical things — repairs at home and on the car, cleaning, cooking, dealing with officials — can be shared by people living together. To say nothing of the big and little cares and worries that are better handled together.

Most of all, Mrs. Schneider said, "I miss someone to talk with, someone who understands me, who is there for me. Someone I like and who likes me."

She is neither withdrawn nor ugly. Nor is she touchy. She has friends and acquaintances who are, of course, all couples. Sometimes she feels out of place with them.

She goes on vacation twice a year, plays tennis and attends adult education classes.

## Feel Watched

"I really must push myself to do something alone," she said. "It doesn't really make that much difference to me to do something alone. But other people often give me the feeling that there should be a man at my side. Maybe that is just my imagination, but that's how I feel."

Many women living alone are in the same situation. They feel watched and stared at, so they have very little desire to go out alone, and they hide in their apartments.

Thus they lose their chance to meet other people and make contacts.

But most of all, prejudices and lack of understanding often make the life of the woman living alone difficult. For men in the same situation, people say they like their freedom too much, could not decide on one woman or perhaps they are shy or afraid of a permanent tie. But for German women who are not married by the time they are 30, one says "they couldn't get anyone." People suspect there is something wrong with them: They are too difficult, too ugly or, if nothing else, they are too demanding or too arrogant.

Many people have the unfounded idea that these days one no longer needs to remain alone. They see that older people have fewer chances to end their loneliness. But the younger ones? Cannot they find companionship everywhere, in

classes, sports, dancing and on vacation? And there are matrimonial newspaper ads, computers to match people, leisure clubs for single people and lonely hearts clubs, it is pointed out.

## Outsiders

There are "facilities based on the idea that people living alone are nothing more than outsiders of the couple society who have trouble making contact with people," the journalist and author Hermann Schreiber wrote in the magazine *Der Spiegel*.

"Are they really? What else could they be? Failures at communication or refugees from risk, somewhere under way between not yet and no longer? Egoists who want to be their own neighbors? Lonely people whom nobody needs and then in the evening heavy claustrophobia within their own four walls? People who are weak in making contact, who are pushed to the edge and tricked by the consumer society that cannot survive without the pressure of competition, which always tends to turn the other people into opponent and rival?"

No generalities can be made about all the characteristics of those living alone. They can be found at all ages and in all walks of life. And depending on how the individual is psychologically, and certainly also materially, he or she will judge the situation positively or negatively. Because, without a doubt, living alone also has its good side.

One is independent and does not need to adjust to anyone and certainly need not subordinate oneself to anyone. One can do and not do what one wants. Women can have careers without any concern for husband and children. One does not have to share one's bed or money. No one is there who snickers, finds fault, with whom there is a constant argument.

"I believe that it is sometimes easier to wake up and feel alone when one is really alone than it is to wake up with someone and be lonely," says the Norwegian actress Liv Ullmann, who lives alone with her daughter Linn since her divorce from the director Ingmar Bergman.

Many people of all ages who live alone come to find that one can be satisfied and content without permanent partners.

"For a long time, I lived with a man, but we didn't get along one hundred percent," said Gudrun Siewert, 34, a translator. "I hung on him because I was afraid of being alone, always adapted myself to the situation, completely gave up my own interests. One day, I couldn't take that any longer and I left. That was very painful, but also somehow satisfying."

"I have started to think a lot about myself, have spoken with a psychologist about my problems. I

no longer feel lonesome. Just the opposite. I am sometimes happy. I have a weekend for myself to do all the things that I consider important. I have found that there are always people who are happy if someone starts a conversation with them. But one has to take the initiative."

## Active at 80

Else Schubert also lives alone. She is 80 years old and leads an active life. By watching her diet and keeping physically active, she keeps herself healthy. Mrs. Schubert is interested in what is happening in the world and, unlike many people her age, she does not confine herself to a chair in front of the television set. She often invites the neighborhood children into her apartment and plays with them and offers her services as a babysitter. She regularly attends a club for older people and from time to time she even joins the dancers there.

The American expression "singles" is starting to take hold in West Germany.

Previously, the English word *singles* in this country meant "the single record as compared with the long-playing one or a companion in a sleeping train." Johannes Gross noted in the magazine *Frankfurter Allgemeine Zeitung*: "The newer meaning now applies to those people who do not spend the night alone but who consider themselves alone in the sense that they refuse to have even a semi-permanent bond to another person, to say nothing of being bound by marriage and family."

## Own Area

Der Spiegel cited the example of a 26-year-old journalist it called only Annemarie: "I can't personally share everything, whether it's my apartment or my bed. I need my do-not-touch area when I don't always have to make an effort, where no expectations have been made of me, the room for me where I bring people in."

Another young woman is quoted in Der Spiegel as saying she can not imagine that anyone would "come to her with bag and baggage," but at the same time said she missed someone "to talk with me at breakfast, someone I can lean on."

"The freedom of the happy lone turns out in the end to be the servitude of which the servant is not aware," Mr. Gross wrote.

Perhaps because of the "singles" idea alone, many will no longer be considered the wallflowers of society, regarded with a smile as those who did not make the grade. Perhaps the singles', self-confidence, their positive attitude to their way of life, will give others living alone the courage to come out of their silent rooms.

For not least of all, it is a matter of personal attitude and maturity how each individual comes to terms with his life.

## Limiting EEC Role

(Continued from Page 15)

time was the fault of overall events rather than that of the Germans. The Community does give the impression of slowing down. This view rightly or wrongly prevails even though EMS is a considerable act of faith, as are the direct elections later this year for the European Parliament.

The German daily *Die Welt* commented recently that it looked as if the French, who currently hold the EEC presidency, were not going to put anything like the same effort into the Common Market presidency as Chancellor Schmidt had last year. The newspaper added: "But whichever way the scales tilt, in (EEC) practice No. 1 status is a relative matter, revitalized by the close partnership between Paris and Bonn."

It continued: "The friendship is a source of strength for both. In the European Community, it makes some things possible that otherwise would hardly be so."

## Bonn-Paris Axis

That is certainly so. The equivocal policies of a dying government in Britain, the lack of an Italian government and of a Belgian one in recent months have forced the Common Market to rely to a perilous degree on the Bonn-Paris Axis. Without this vital element in the nine-member group, observers say, more than one wheel would have fallen off the EEC bandwagon.

A review of Germany's recent EEC experience cannot be complete without reference to *l'affaire Hafkamp*. EEC commissioner Wilfried Hafkamp, a former West Germany trade union official who has served in Brussels for the past 11 years, was severely taken to task by an article in *The Economist*. His life and work styles were sharply criticized. He was lazy and proved extravagant with his expense account, the British magazine said.

Observers agree that Mr. Hafkamp is one of the least admired of the 13 commissioners, and that has been true for a long time. What has not been clear is why Chancellor Schmidt, who has lambasted the commission, should not have nominated someone else to take Mr. Hafkamp's place. An 11-year tenure for a commissioner in Brussels is

almost without precedent. On the grounds alone, many EEC officials feel, Mr. Hafkamp should have been removed before he became vulnerable to the kind of commotion made by the *Economist*.

Some German diplomats have taken the view that the magazine's anti-German and that the article was the sort of attack that could not be expected of it. This seems to be the German working in the EEC rather far-fetched allegation to make about a publication that has so consistently and so long held the EEC flag aloft.

EEC president, Roy Jenkins, was obliged to rush to Mr. Hafkamp's defense, and there the matter ended, an embarrassing flap but not ending more.

## Mixed Season

All in all, then, it has been a mixed season for West Germany and the Common Market itself. As for the immediate future, Chancellor Schmidt is already odds with his opposite number about the future of the European parliament once direct elections have taken place. Mr. Schmidt is recorded as saying that such a new parliament would have established greater authority for itself. Why? Because disillusion was set in among voters if they realized later that their elected representatives are going to be continually stymied by EEC governments. The role of the 140-member assembly will not be to rubber-stamp material decisions, according to Mr. Schmidt.

The Chancellor's remarks were not well received — especially in London and Paris. The French have been particularly vehement in their reaction. The European parliament, directly elected or not, not going to infringe on national sovereignty, they say.

Eurocrats, however, were understandably pleased by what the *Economist* said. Mr. Schmidt's "realistic" appraisal of the European parliament's future. The prevailing opinion here is that he is probably right and the elements are already in place for a debate in the Common Market that will be every bit as strenuous as the one that led to agreement on the direct elections themselves.

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MEMBER OF ABEGOR





# The Gastarbeiter — a Vibrant Force in Changing Cities

By John Dornberg

Active in the city's tiny community of German Jews — remarked.

There was a time when intolerance in Germany focused on us, the Jews. Today it focuses on the gastarbeiter — the foreign workers.

There are 1.9 million, accompanied by another 2.1 million wives and children. They represent 6.5 percent of the population and more than 9 percent of its gainfully employed. They account for 28 percent of the foreign population, Yugoslavs 18 percent, Greeks almost 15 percent, Spaniards 6 percent, and 15 and citizens of other countries. The remainder of West Germany's foreign population is made up of people from other countries, including the United States.

Some suggest that the gastarbeiter will ultimately become Germany's "people of tomorrow" is a gross overstatement, but already today they are the country's largest single source of labor.

Some ostracized and exploited, some people who are the night shift, some are forced into urban centers, with every social consequence that term implies. As a result, the face of German cities is changing.

Some, notably Munich, Stuttgart, Frankfurt, Cologne and West Berlin, have large numbers of foreign laborers, and their numbers make as much as 15 percent of the population, and in certain districts of those towns, as Munich's Schwabinger, they are the majority.

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lavs, Italians and Spaniards. Instead of pigs' knuckles and sauerkraut, the kitchens now turn out kebab, shashlik and dishes made of hominy and eggplant.

Where once one heard the bells of baroque churches calling Bavarians to mass, one now hears the cry of the muezzin: summoning the faithful Moslems to prayer. Alien sounds of oriental rhythms and instruments emanate from open windows.

Dark-haired, flashing-eyed women — their faces often half-veiled by kerchiefs — dash silently from shabby apartment house entrances to nearby grocery stores to shop for exotic fruits and vegetables, the foreign workers have never seen before. Mustachioed men stand in little knots on street corners gesticulating wildly, finger strings of beads and discussing, no German knows what, in languages most Germans cannot understand. And wherever one looks there are children, children, children.

Colorful, yes. But to many West Germans also deeply worrying, for slum housing has spread rapidly. Semi-literacy and unemployment, due to lack of skills and qualifications, is spreading among the foreign youth. Crime, due to the pressures of ghetto living, is rising at such a pace that pessimistic criminologists predict it will equal that of today's U.S. megalopolises by the late 1980.

## Xenophobia

Moreover, among the West German lower-middle and middle classes — both blue and white collar — some of the old, long-forgotten xenophobic attitudes, coupled with new fears and resentments focusing largely on the question of their job security in an era of manageable but persistent unemployment, are being rekindled.

The pattern is almost identical to the problems created by immigration to the United States at the turn of the century and the more recent shifts of population by blacks from the rural South to the industrial urban centers of the North.

For Germany, however, it is a new phenomenon. The country has had virtually no previous experience dealing with a large foreign population. It has had no colonies

since the end of World War I, so that unlike its European neighbors — France, Belgium, the Netherlands, Portugal and Britain — it did not have either the colonial or postcolonial period of African and Asian immigration. Indeed, with the exception of the 17th century Huguenot exodus from France and a wave of Polish immigrants to the coal-mining Ruhr basin before World War I, Germany has been a country composed largely of Germans.

West Germany simply does not regard itself as, and maintains adamantly that it is not, a country of immigration, although it has very liberal laws for foreigners and has established an admirable reputation as a country of refuge and asylum.

The foreign workers are considered transient and temporary, rather than immigrants to be integrated into West German society. Yet, having originally recruited foreigners en masse in the late 1950s and early '60s when the Wirtschaftswunder (economic miracle) was crying for more labor and become dependent on them, West Germans have since discovered that, short of a major recession or depression, the economy would simply grind to a halt without the army of Turks, Greeks, Yugoslavs, Italians or Spaniards.

Not only do foreigners perform the dirty, heavy and menial tasks that West Germans, no matter how desperate for work nor how long on the unemployment rolls, are no longer willing to do — they fill every fourth job in the construction business, every fifth in the catering trade and every sixth in the metal-working and plastics-processing industries.

Conversely, the foreign workers do not consider themselves permanent. Though more than half of those now employed have been in West Germany at least five years and nearly one-third for 10 years or longer, surveys among them reveal that 80 percent intend to return to their homelands "eventually."

That attitude contributes to the problems of integration, especially of the children. There are 1 million of them today and their numbers increase by about 130,000 every year. The vast majority were either



Foreign workers, without whom the economy would come to a halt.

born in West Germany or arrived as infants. About 435,000 of them are of school age. Another 225,000 are teenagers looking for jobs or apprentice training.

## Time Bomb

The weekly Die Zeit recently called them a "societal time bomb." And the only question is whether it is "still ticking or hasn't, in fact, already exploded."

Because of the citizenship laws, the attitudes of their parents and the fact that West Germany is not "a land of immigration," they are foreigners subject to alien registration and even potential deportation from the country in which they were raised and born.

But neither can they go "home to countries and cultures they do not really know and whose languages they do not really speak."

Among underprivileged groups at the edge of West German society's affluent mainstream, they are by far the most underprivileged and marginal. Isolated in a cultural, linguistic, social and intellectual no man's land, they are surrounded by a language they do not really understand and are given inadequate opportunities to learn. They have no chance to develop or preserve any identity.

"In Germany they are becoming

rebellious and attempt to compensate for their fears and inferiority complexes by mounting aggressiveness," a Turkish teacher in Frankfurt says. "But if they go home they are just as isolated."

"They aren't Germans in Germany, but neither would they be Turks in Turkey, and they are growing up as semiliterates in both languages."

By 1980, according to the police chief of Cologne, there may be some 600,000 teen-aged gastarbeiter children, most of them concentrated in the urban centers. They will all be, he warns, potential juvenile delinquents and criminals.

In theory and by law the foreign youngsters are entitled and required to have the same education as West German children, but in practice it does not work that way. Of the estimated 435,000 currently of school age, barely half are enrolled. The remainder, as far as anyone knows, are simply truant.

About 45,000 annually reach the school-leaving age of 15 when the majority of West German youngsters start apprentice training. But 80 percent of the foreigners will probably never be accepted for apprenticeships. Moreover, unless the law is changed, those who ar-



sion of foreign workers when Greece, Portugal and Spain join the European Economic Community. Citizens of Common Market countries are free to move, settle and work anywhere in the European community without the restrictions that apply to other foreigners.

The Treaty of Rome, however, allows member states to impose limitations on "grounds of public order, security and health." Chancellor Helmut Schmidt is reportedly considering resorting to this escape clause should an undue influx of Greeks, Spaniards and Portuguese pose a threat to domestic economic and social stability.

The most vexing "foreigner problem," however, is presented by those estimated 60,000 aliens active in 187 extremist political exile organizations in West Germany. They range from Croatian nationalists to Palestinian irredentists, from left radical Iranians to right radical Turks.

In addition to using West Germany as a base for terrorist activities abroad, they terrorize their own countrymen living and working here with assassinations, assaults, arson and bombing.

For example, between 1960 and 1970, according to the Bundeskriminalamt, Croatian extremists living as political refugees in West Germany committed four murders, attempted eight other killings and planted 20 bombs. In addition, they organized three terrorist attacks in Yugoslavia, such as mailing letter bombs, that have taken the lives of 14 people there.

Thousands of Turkish gastarbeiter attend the rallies held in West Germany by the Turkish fascist leader, Alparslan Turkes, who screams for more murder in his homeland and the overthrow of Bulant Ecevit's government. His "Gray Wolves" organization of sluggers and toughs regularly terrorizes and intimidates democratic Turks in West Germany.

What disturbs many liberal West Germans in particular is that Bonn officialdom apparently treats such organizations with a double standard. Whereas radical rightist groups such as the Croatians seem to enjoy a certain degree of protection, leftist ones, notably Chilean and Iranian, have been dealt with harshly.

## Strict Screening

In the eyes of West German authorities it was essentially a modern slave trade with organized gangs in Pakistan exploiting the expectations of the poor and jobless, and a form of backdoor immigration the West German economy cannot absorb.

But it is also an embarrassing situation that has forced the authorities to resort to strict screening measures, which may endanger the chances of genuine political refugees from Latin America, South-east Asia, the Middle East and Africa.

Bonn is also concerned about a potentially unmanageable incur-

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## Media Thrive in Nation of Readers, Viewers and Listeners

By John Dornberg

MUNICH (IHT) — The Germans used to be called a nation of "poets and thinkers."

Whether that is still true today is certainly debatable, but there can be no doubt that the West Germans are a people of readers, listeners and viewers.

The statistics of the media are staggering.

Daily newspapers have a circulation of more than 23 million per issue, meaning in effect that every third person in the country, regardless of age, buys a newspaper every day either on the street or by some form of home delivery. In fact, in no other country in Western Europe has daily newspaper circulation increased as much since 1950 as in West Germany.

Magazine and weekly newspaper circulation is even more astonishing — more than 105 million per issue, a figure indicating that every West German regularly purchases 1.75 magazines and journals.

There were, at latest count, 18.5 million TV sets registered in the country, a statistic indicating that 95 out of 100 households have a set and nearly 21 million here radios.

Given such figures, it is little wonder that West Germans maintain that in no other country are

opinions formed and minds molded as much by the media as here.

It is a phenomenon that has been registered with considerable criticism in recent years. Attitudes are sharply divided along lines of who is doing the molding and what opinions are being formed.

### Criticism

At a recent meeting of the Deutscher Beamtenbund, the German civil servants' union, press and television representatives were told in no uncertain terms that their reporting is "mired in the negative."

"From morning until night," numerous public officials complained, "you hear and read nothing but criticism. It is all one-sided. You never get so much as a hint that the majority of civil servants perform their jobs properly and do their duty."

Federal Interior Minister Gerhart Baum, technically the boss of all federal employees, took the platform to caution and remind the delegates to the meeting that the "media are not merely channels of information but watchdogs over those sectors of the society in which power is exercised."

Be that as it may, they are certainly the focus of attention and considerable controversy these days.

There is, first of all, the question of press concentration and the transfer of the power of the written word into the hands of a few.

Of the more than 1,100 daily newspapers published in West Germany today, nearly 1,000 are no longer what are called here "fully independent" papers edited by separate staffs.

The number of such papers has dwindled from 225 in 1954 to 121 in 1977.

### Biggest Paper

The country's five largest publishing enterprises have 45 percent of the daily newspaper circulation market, and the biggest of them, Axel Springer Verlag, has a 23-percent share of the total daily circulation, with five papers. Two of these are nationally distributed: the conservative and respected Die Welt and the sensational Bild Zeitung that, with daily street sales of more than 4 million, is the largest-circulation newspaper in Western Europe.

But concentration of the press and the much-discussed "death of independent newspapers" may not be as great a problem as the raw statistics would indicate. To be sure, nearly 75 percent of the country's papers are not entirely independent editorially. That is, they receive all or a substantial part of

their editorial content from some other paper or staff. But half the papers in this category have daily circulations of less than 10,000. Of the 55 papers in the country with circulations of 100,000 or more, only one does not have a full editorial staff to prepare its content.

There is also a distinct trend toward concentration in the weekly and magazine field where the undisputed behemoth today is the Bertelsmann Group, now the world's largest single publishing conglomerate, with total sales turnover annually in excess of 3 billion Deutschmarks.

Founded in 1835 by Carl Bertelsmann as a Protestant theological publishing house, the company, with headquarters in Gütersloh, is today a multimedia multinational comprising more than 80 firms in 20 countries. It is a giant of book publishing, musical recording, book and record clubs, film and television production houses, printing and, since 1972 when it acquired 75-percent controlling interest of Gruner & Jahr, a juggernaut also of magazine publishing.

Gruner & Jahr publishes nine magazines covering a wide spectrum of interests and themes. Among them are the weekly illustrated Stern, the largest illustrated magazine in the world, with a paid

circulation of 1.6 million copies and 8.2 million readers; Brigitte, Europe's largest women's magazine; Capital, a business monthly read by every second manager and executive in West Germany; Eltern, the largest parents' magazine in Europe; Schoener Wohnen, Germany's major home magazine; Geo, which is now also appearing in U.S. and French editions and Eszen & Trinken.

### Advertising

Like all West German magazines, they bulge with advertising. The publishing business may be fickle and risky elsewhere, but not here.

The controversy over the printed word here is but a ripple to the storm that has been brewing in and about TV.

The "father" of postwar West German radio and television was the British Broadcasting Corporation's long-time general manager, Sir Hugh Carlston Greene. That unofficial title dates from the time — 1946 — when Sir Hugh, then a British military government control officer, arrived in Hamburg and launched what became known as the North-West German Radio Network.

His aim was to pattern that regional network after the BBC and

to imbue it with the same autonomy and independence of government and political control. That he was running into stiff resistance was apparent to him during the two years he served as head of the network.

When he resigned the post at the end of 1948 to return to England, he admonished an assemblage of network executives and staffers to keep postwar German broadcasting "free of all state and partisan influence."

As he was stepping down the stage of the NWDR auditorium after his brief farewell speech, Sir Hugh was approached by Hamburg's lord mayor, Max Bauer, who said to him: "You'll never achieve that, Mr. Greene. Never." A quarter century later Sir Hugh admitted sadly and pithily that it has become increasingly apparent over the years that Herr Bauer was right.

Just how right has been demonstrated during the past year or so as West German broadcasting has again been plunged into one of its periodic crises of journalistic integrity versus partisan political domination — this one exacerbated by mounting financial difficulties and deficits as well as deteriorating program quality.

West German TV, once hailed by Time magazine as "the best in the world," was recently called by Germany's own weekly Wirtschaftswoche as "indistinguishable from that of the Fiji Islands."

Every third televisioner, according to a recent opinion survey, considers current programming "worse than last year." But to add to their discontent, they are paying more for it than ever before.

The troubles of German TV, both political and programming, stem in part from the complicated state and regional network structure established after World War II when the specter of Joseph Goebbels' propaganda ministry, with its centralized control over education, the arts and media, hampered allied occupation authorities and West German politicians.

The aim was decentralization with a minimum of government control and direction.

Today, there are nine state and regional radio and TV networks.

Their organizational form varies somewhat from state to state, but all are public corporations whose supervisory boards are composed of representatives of the major political parties, professional groups, labor management and other public interest groups. The boards appoint a general manager who theoretically has total executive, artistic and political freedom in the network's operation.

Although all their radio and some of their television broadcasting is limited to their regional audiences, the nine collaborate to produce the nationwide "first channel" TV through a Munich-based program scheduling and coordinating

committee called, by its initials, ARD. It assigns production and program responsibility to the various networks.

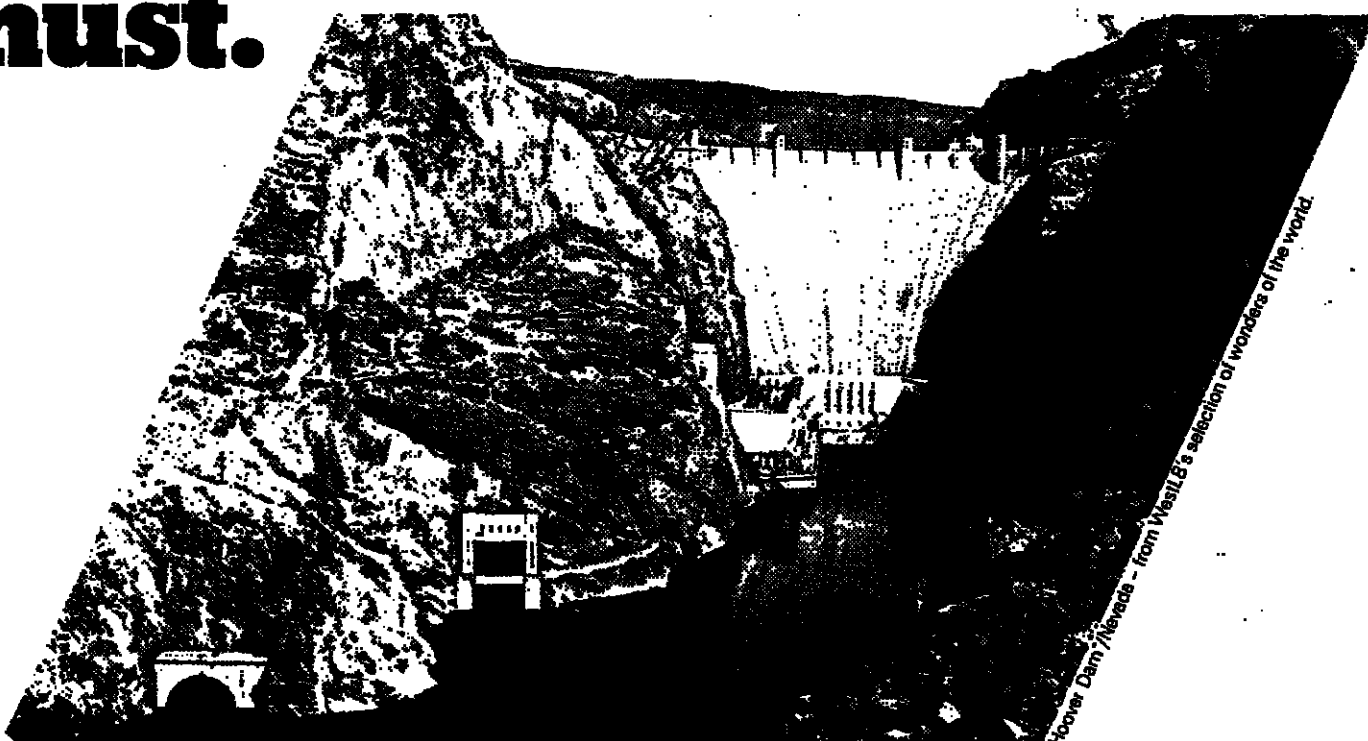
NDR in Hamburg, for example, produces the evening news, which in Cologne a Friday-night show called "Report From Bonn," a Hessian network in Frankfurt a weekly televised lottery drawing.

More by accident than design responsibility for the program likely to be politically and socially controversial has accrued to the networks with headquarters in states where the Social Democrats are strongest, whereas sports and pure entertainment went to the where the conservative Christian Democrats constituted the majority.

Chancellor Konrad Adenauer took exception to this trend as early as 1951. He attempted for more than a decade to establish a centralized federal network that would be the voice of his Christian Democrats. His endeavors were thwarted by the courts as unconstitutional but did lead, in 1963, to the establishment of a "second channel" network, ZDF, a corporation jointly owned by the states.

For the first 10 years of its operation, ZDF had a reputation for being politically conservative but more friendly toward the Christian Democrats. Since the mid-1970s, however, it has come under fire from the conservative politicians for its political slant and a leftist orientation.

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## Reveling in Stability 'Miracle'

(Continued from Page 15)  
by provincial vision, is clearly out of his depth as opposition leader in parliament, especially when he faces such sharp-witted and glib-tongued masters as Mr. Schmidt or the SPD's caustic majority leader, Herbert Wehner.

### 'Cringe'

"I cringe every time he gets up to speak," says one young SPD deputy. "It's like throwing a lamb into an arena of wolves. The amazing thing is that he keeps coming back for more."

While few would dispute Mr. Kohl's impotence and incompetence as opposition leader, it is also true that no opposition before has ever made life so tough for its elected chief.

Even before Mr. Kohl guided it to near victory in 1976, certain factions in his party, most notably the CDU's semi-autonomous Bavarian wing led by Franz-Josef Strauss, began whacking and chipping away at Mr. Kohl's image. Ever since then, the drive to get rid of the burly 6-foot-4, 230-pound "Black Giant" has merely gained in momentum and viciousness.

"Kohl," says one veteran observer of the Bonn scene, "is the head of a party that spends virtually all its time and energy nipping at its heels. He is fighting a three-front war that he can never win: against the SPD-FDP coalition, against Strauss and the CDU and against provincial leaders, among them men who used to be his closest aides and strongest supporters such as Kurt Biedenkopf."

### Waiting Brutuses

Mr. Biedenkopf, a professor-turned-businessman-turned-politician, was until two years ago the CDU's secretary-general and the man who had masterminded Mr. Kohl's 1976 campaign. He resigned the post to devote his energy to cultivating his own political power base — the CDU region of East Westphalia — from which, so the pundits predict, he will make a bid for the party chancellery. But ultimately the chancellorship, he is merely one of several Brutuses waiting in the CDU/CSU wings to take Mr. Kohl's place.

The pattern of political patricide and fratricide in the CDU/CSU is hardly new. It is part of the party's search for a second Adenauer, and it has been going on, sometimes with more, sometimes with less spilled blood since "Der Alte" (the Old Man) retired from the chancellorship in 1963.

Since Mr. Kohl is not the "new Adenauer" for which the CDU/CSU is seeking, the consensus is that he is finished and on the way out. The only question is how long the process of his disparagement, denigration and final demolition will last.

The answer depends on how much punishment and humiliation he will take and which of his rivals for power has the political support and courage to unsettle him. But there are only a few in West Germany these days who still count on Mr. Kohl as the CDU/CSU's leader and candidate for the chancellorship come 1980.

As a result, the field is open to the SPD-FDP.

Which is not to say that all is harmonious within or between the left-liberal coalition parties.

"The marriage between them," as one political observer here puts it, "though it hasn't gone sour, has settled into the humdrum daily routine of 'politics as usual.' Occasionally they bicker, but most of the time they have nothing to say to each other. Gone are the great issues, programs and ideals — from

Ostpolitik to more social reform and industrial democracy — that highlighted their courtship and honeymoon."

Of course, there are conflicts between them — defense and disarmament, economic, budgetary and fiscal policies. But increasingly they project an image of little disagreement albeit in common political purpose other than remaining in power.

In this situation the FDP is at a distinct disadvantage.

Increasingly, it is beginning to look like the SPD's potentially expendable partner. With the SPD's fortunes rising under the aegis of Mr. Schmidt's unprecedented prestige and popularity, Mr. Genscher's FDP faces the unhappy prospect of losing its traditional role as the dog-wagging tail of West German politics.

Indeed, as the SPD gains and the CDU/CSU loses strength, the FDP, a party that polled only 7.6 percent in the last general election and was evicted from two state legislatures for failing to get at least 5 percent of the total vote, could simply become redundant.

### Fears Magnified

While those are still long-range fears, they have been magnified since the beginning of 1979 by Mr. Genscher's precarious health. Persistent and recurrent cardiac problems have forced him into restricting both the time he devotes to the party leadership and his duties as foreign minister.

To complicate matters, he is having trouble with the party's rank and file, a large segment of which, traumatized by the FDP's ouster from the Hamburg and Lower Saxony state legislatures last year by what they feel was a loss of votes to a sudden rise of ecological "Greening of Germany" parties, want the party to adopt an environmentalist platform that would contravene the nuclear energy policy on which Mr. Genscher and Mr. Schmidt have reached agreement. The most controversial issue at the moment is the construction of a fast breeder reactor at Kalkar.

At one point, during a recent FDP party congress, Mr. Genscher even threatened to resign as leader over this issue.

The SPD, on the other hand, during the first two years of Mr. Schmidt's second term, seemed to be a party afflicted and enfeebled by corruption scandals, nepotism, incompetence, deep ideological divisions and factional warfare, a party skeptical and even contemptuous of its leadership, barely tolerant of the chancellor whose pragmatism was keeping it in power, and seemingly intent upon committing political suicide.

### Financial Scandals

The trouble included massive financial scandals in Hesse and West Berlin, leading to the resignations of those two states' SPD cabinets; the loss of two key municipal elections in cities that traditionally had been Social Democratic power bases — Frankfurt and Munich — and growing rebelliousness in the ranks of its left wing and the Jungsozialisten (Jusos), its youth organization.

Though many of these problems, if not solved, have at least been defused, the party continues to face the quandary that has confronted it since Mr. Brandt's resignation as chancellor in 1974. It basks in and benefits from the glory, prestige and popularity of Helmut Schmidt, but it can find no love for him.

Unlike Mr. Brandt, a mediator between the SPD's left and right wings and a godhead figure who inspired euphoria and a mass follow-

ing from the rank and file, Mr. Schmidt, the pragmatist and realist, has identified with only one voice — the right.

"His dilemma," as a veteran Social Democrat describes it, "is that although he is now the most popular and respected chancellor in Germany has ever had, the party still led by Brandt as ruling chairman, is not really the chancellor's party." Increasingly Schmidt looks like a chancellor without party and the SPD like a party without a chancellor.

In essence, Mr. Schmidt saved the Social Democratic Party from ballot box disaster since 1974 by pursuing policies that overrode the will and platform of SPD.

### Strength and Force

Ironically, those troubles compounded by his growing political strength and the force of personality, both of which leave little or no room for upward mobility and career development by your and lesser known, albeit able, leaders. Disgruntled by Mr. Schmidt's total dominance and often authoritarian behavior, some of the party's most promising second-string have fled Bonn and bailed out national politics to turn their backs to state and local affairs where they get more exposure.

Schmidt's strategy of diverting the administration from the party and presenting himself to the world as a "supra-partisan" chancellor the newsmagazine Der Spiegel commented recently, "is certainly saving to keep the SPD in power after 1980 but it is draining the life of vitality."

One younger Social Democrat has summed up the problem as forcefully.

"Helmut Schmidt's administration is a one-man government, one-man show," he said. "As long as he is around we will win elections. But the longer he is around the more indispensable he becomes. He makes room at the top for no one else. He has led the post-Schmidt era may prove even more disastrous for us than the post-Adenauer era has been the CDU/CSU."

Perhaps it is because Germany's political scene has come so clearly a one-man show that it is marked by so much of these days. There is a pervasive public disillusionment, even an antic and listlessness toward the established political parties and their intramural squabbles.

Last year, political observers were totally surprised by the and overnight electoral success of the state of environmental protest parties in a series of elections. Granted, interest in support of them has again diminished, but to politicians in Bonn they should have served as a warning. Their success at the polls due to more than the ecological issues on which they campaigned.

The current on which they are growing feeling that the built virtually impotent in German system of indirect democracy, the consent of the governed is really sought, that decisions reached within the established political parties, made up of card-playing and dues-paying members disregard — sometimes defiance of the popular will, and that it is no way to penetrate those elite, professional political clubs influence their decision-making from within.

Whether SPD, FDP, CDU/CSU have heeded that warning remains to be seen in the months before West Germany again goes to the polls in a national election.





# Civil Liberties: Breaking New Ground With Benign Reforms

By John Dornberg

MUNICH (IHT) — "West Germany," President Walter Sheel stressed not all too long ago, "is the most liberal, democratic and free country in the world."

Compared to the Germany of the 1930s and the Weimar Republic, that is true. Nor is there any doubt that the overwhelming majority of West Germans, their elected representatives and their political parties, intend to keep it that way.

The last general election in October 1976, when almost 91 percent of the eligible voters went to the polls, is persuasive evidence of that. The 14 splinter and radical parties, from the far left to the far right, won less than 1 percent of the total vote among them.

Nonetheless, in recent years both Germans and foreign observers have been deeply concerned about how much longer President Sheel's maxim will be true. Politically, because of the terrorist menace, which has real and putative, the sociopolitical scales in West Germany have been tipped from reform-minded, benign liberalism to a kind of law-and-order hysteria.

## Precedents

The phenomenon, of course, is confined to West Germany, analogous to a more universal question: How democratic a democracy be if it wants to be democratic?

At the West Germans, in their own to the terrorist challenge since the 1970s, have struck at the very heart of liberal and democratic society in the name of protecting it — a phenomenon for which one finds precedents in history.

As Alfred Grosser, the Franco-German political scientist pointed out several years ago, "there is more and more discussion in West Germany these days about defending the basic democratic and constitutional order with the might of the state and steadily less discussion about defending basic human rights against the state."

## Under Siege

Be that as it may, after nine years or so of dealing with a terrorist menace that in German eyes loomed considerably larger than the facts warranted, West Germany today is a strikingly different country from what it was at the start of this decade.

To be sure, it is not the authoritarian, dictatorial police or quasi-fascist state that the radicals, terrorists and their supporters in neighboring European countries would have us believe. To portray the country as such is either patently absurd, symptomatic of pathologically twisted minds or evidence of gross historical ignorance.

But Bonn, once regarded almost as soporific as Liechtenstein's Vaduz and considered "quieter than Chicago's main cemetery," does remind one of a garrisoned capital under siege. Armored cars, machine-gun-toting policemen, nervous secret service agents with tell-tale bulges under their jackets and officers with vicious-looking dogs patrol its streets.

For a number of years, as members of parliament discovered only recently, the Bundestag administration's security service has been screening, registering and observing all visitors and storing all passes to the building in the basement where they are accessible, for investigative purposes, to the police, security and counterintelligence agencies. Thus far the Bundestag's commit-

tee on procedures, which is probing the matter, has been stymied in efforts to determine who ordered and how to halt this breach of parliamentary immunity.

Squads of police, armed with machine guns, stand guard in the waiting rooms of the nation's airports. Wanted posters describing fugitive terrorist suspects are plastered on the walls of not only every post office and government bureau but also virtually every bank in the country.

These highly visible anti-terrorist measures, however, are merely minor irritations of daily life to which people have already adjusted.

More worrisome is the fact that in order to meet the terrorist threat and to protect the *Rechtsstaat* — a state based on the rule of law — many of the basic freedoms and liberal precepts on which it was founded have been curbed and challenged.

## Law and Order

In keeping with the German notion that more law will automatically assure more order, a whole catalogue of legislation has been enacted with the effect of protecting the state from its citizens rather than the citizens from the state.

Among the laws, some ad hoc, some retroactive, which the Bundestag has passed during the previous four years, a number go to the brink of, if not beyond, constitutionality.

One measure outlaws terrorist associations and equates them with "criminal gangs." Advocacy of membership in, or passive or active support of them is a felony.

Because a handful of radical lawyers were aiding and abetting terrorist activities, allegedly even smuggling into Stuttgart's Stammheim prison the pistols with which Red Army Faction leaders Andreas Baader and Jan Carl Raspe are presumed to have killed themselves, contacts between attorneys and terrorist defendants have been severely curbed. Defense law-

*In keeping with the German notion that more law will automatically assure more order, legislation has been enacted with the apparent effect of protecting the state from its citizens rather than the citizens from the state.*

yers can be disbarred or excluded from representing accused terrorists on the mere suspicion that they are collaborating with their clients in activities of a criminal gang nature.

By government decree, according to one law, convicted and suspected terrorists can be barred from any and all contact with the outside world, including their lawyers, for renewable two-week periods in the event of such crises and emergencies as a kidnapping or a hijacking aimed at their release.

The courts have been empowered to try terrorist defendants in absentia and the police to search entire apartment buildings on a single warrant if they suspect evidence of or clues leading to terrorist activities there.

Another new law entitles the police to hold persons incommunicado and without recourse to counsel for up to 12 hours if they are unable to identify themselves properly when stopped at roadblocks, in raids, or during other "routine" searches.

Other measures under consideration, though not yet enacted, would authorize police to shoot to kill — instead of merely wound or incapacitate — fleeing or attacking suspects; tighten regulations regarding issuance of ID cards and passports, and, provide for standardized, nationwide computer data on all burghers.

The various measures have euphemistically been called "tightening the legislative screw." But the problem with any screw, as Munich's influential liberal *Sueddeutsche Zeitung* warned during last year's Bundestag debates over

the new laws, "is that if turned too far, its thread will break."

At that, the enacted legislation did not meet the demands of the Christian Democratic opposition, which wanted even more stringent measures.

"The coalition government," the respected liberal weekly *Die Zeit* pointed out, "is caught between two camps: those in its own ranks who believe the new laws go too far and the opposition, which considers them inadequate. The opposition is calling for anti-terrorist legislation as precise and meticulous as the terrorist organizations themselves. If it had its way, our whole life style would change and the *Rechtsstaat*, which we are trying to defend, would cease to exist."

Ironically, neither the law-and-order measures, heightened police vigilance, nor a \$3.5-billion allocation for improving police efficiency have helped in the struggle against the hunt for terrorists.

West Germany has a formidable force of 150,000 police — one per 400 population — armed with all the ugly paraphernalia of wartime commandos. But thus far it has been unable to apprehend most of the three dozen or so radicals and terrorists allegedly involved in the 1977 kidnapping and subsequent murder of industrial leader Hanns-Martin Schleyer, the killing of banker Juergen Ponto or the assassination of Solicitor General Siegfried Buback.

Indeed, on one occasion last year, three top suspects eluded the police in a caper strongly reminiscent of a scene from the "Key-stone Kops."

The various anti-terror measures

worry West German civil libertarians and many foreign observers, but they are even more disturbed about the Germanic version of McCarthyism, which has found expression in a witch-hunt for radical leftists and so-called terrorist "sympathizers," in anti-intellectualism and in the spread of fear and resignation among nonconformists.

The most notorious manifestation of this mood is the seven-year-old radicals decree whose application has given rise to the infamous term *Berufsverbot*, a word that has entered the vocabularies of other countries in its German original.

The "radicals decree," which legally speaking is a resolution adopted by the federal and state governments in 1972, was intended as a counterploy to protect the state from being undermined by those allegedly determined to destroy it.

It is a product of the "stone age" of terrorism, that era when it seemed that demonstrating and bomb-throwing radical students had abandoned violence in favor of a new strategy that they described as "the long march to power through the institutions." Their strategy, it was presumed, was that having failed at efforts to beat the system with frontal assaults, they would try to subvert it from within.

The decree authorized federal, state and local authorities to test all applicants for civil service positions for their loyalty to "the basic democratic order."

That is any democratically elected government's unquestionable right. But in West Germany the governmental service happens to be a huge monopolistic category embracing not only the conventional

type of bureaucrat but all tenured school teachers and university faculty members, judges and public prosecutors, railway and postal employees, public utilities workers, police and military officers, some scientists and even staff physicians in certain government-run hospitals.

## Mass Snooping

The loyalty tests have led to mass snooping and vetting of an estimated 2 million West Germans by the security agencies, primarily the *Verfassungsschutzamt* — the offices for "protection of the constitution" — which have functions comparable to U.S. federal and state bureaus of investigation.

The procedure has not only kept extremists out of sensitive posts but has also barred hundreds of citizens with nonconforming opinions from public-sector jobs. Among those who have been rejected on grounds of membership in radical parties, or support of organizations judged to be disloyal — often when they were in high school or university — have been letter carriers, locomotive engineers, army cooks, teachers, professors, career judges, prosecutors and, in one case, even the doorman at a public building.

The extent of Germanic perfection with which the decree has been implemented and applied has varied considerably from state to state. Those governed by the conservative Christian Democratic Union or Christian Social Union (CDU/CSU) have been, predictably, the more resolute and diligent, though it was the Social Democrats' own postal minister, Kurt Gscheidle, who last autumn insisted that a member of West Germany's minuscule Communist Party could not become a tenured, career mailman.

In Bavaria, for example, the security agents allegedly snoop on high-school pupils to ferret out radicals who, after graduation, could then be barred from jobs on the public payroll. In the city of Mainz

even 16- and 17-year-old apprentices in the municipal gardening department were scrutinized for their loyalty.

Perhaps it was that particular example of vigilance in the ludicrous extreme that prompted the Social and Free Democrats (SPD-FDP), though initiators and co-authors of the radicals decree back in 1972, to finally announce that enough is enough.

## Enough

Last January, the federal government moved to liberalize the decree. In the future, security probes will be initiated only when there are "tangible indications" that a candidate does not fulfill the requirements for public service, among which are "the duty to engage themselves actively in the maintenance of democratic life." Moreover, job seekers' political activities before their 18th birthday are no longer to be a basis for testing their loyalty.

The new ruling, however, applies only to federal jobs and does not mean the end of *Berufsverbot*. Virtually all teaching, judiciary, police and administrative posts are under the control of the states and those in which the CDU/CSU is in power have expressed their intention of continuing the loyalty checks. To what degree the SPD-FDP governed states will have the political courage to follow the federal government example remains to be seen.

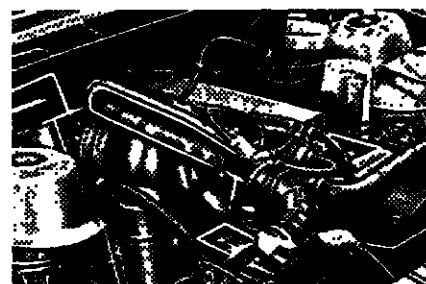
In calling for the change in the statute last year, federal interior minister Gerhart Baum, a Free Democrat, admitted that the radicals decree had "weakened rather than strengthened our democratic substance." The climate in the country, he said, had degenerated and "young people's mistrust of the state has grown."

"There is now real skepticism among them that this really is the freest Germany there has ever been," he added.

From time to time, even leadership positions must be reconsidered.

From time to time, even leadership positions must be reconsidered. The new Senator is the inevitable result of applying the principle of functionalism to the creation of a totally new automobile. Because its development was not restricted by previous ways of thinking, the new Senator represents a true challenge to existing concepts of what a luxury car should be. Function determined the Senator's outer shape. Its purity of line is the result of wind tunnel aerodynamics: sleek and purposeful, with no unnecessary bulges or ornaments to

slow passage. Once you see the Senator, you will understand that it simply has to perform the way it does. And once you get into the Senator, you will be highly impressed with the spaciousness and comfort of its luxurious interior.



Drive the Senator and you will experience a reassuring combination of handling ease and tenacious road-holding resulting from a completely new suspension system.

At the same time, the Senator's agility ensures full enjoyment of the superlative performance generated by its free revving high output 6-cylinder 2.8-lit engine. (3.0-lit and 3.0-lit engines available at extra cost.) Adherence to the principle of functionalism has resulted in a precision German automobile that sets new standards. Senator, Senator C and Senator CD — different models offering a full range of luxury and performance.

\* Electronic electronic fuel injection.



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# Economic Upswing Expected to Continue With Full Force

(Continued from Page 1S)  
German export competitiveness posed by the mark's steady revaluation. Nor is this risk nearly so great as the bare figures indicate.

The Bundesbank notes that in January the mark was up about 8 percent in value from the previous January against other major currencies, but added that this mostly reflected the difference in inflation rates between Germany and these other countries. The actual revaluation was just 2-3 percent in terms of producer or wholesale prices and only 1 percent in terms of consumer prices.

The HWWA economic research institute in Hamburg tracks another main indicator of export competitiveness — unit labor costs. Their charts show that since 1970, West German exporters have indeed become less competitive in terms of unit wage costs than their counterparts in the United States and Britain. But West Germany has actually gained in competitiveness against France and Italy, according to the HWWA computations.

Other props to West German export success are well known. The machinery and industrial plants that make up more than half of the country's exports (Germany is the

world's top exporter of capital goods) are relatively price-inelastic. The quality and service accompanying goods "Made in Germany" have established an enviable reputation that is carefully cultivated by German industry. Also, notes HWWA economist Eckhardt Wohlers, German industry is attentive and responsive to specific needs of its export customers. This flexibility, he claims, distinguishes German industry from most U.S. companies and goes a long way to explaining the European country's disproportionate success in world markets.

## Leading Exporter

In fact, calculated at the end-1978 exchange rate of 1.88 DM to the dollar, West Germany actually overtook the United States as the world's leading exporter. Calculating at the average 1978 rate of 2.01 DM to the dollar, the United States' \$143.6 billion in exports becomes 288.4 billion DM, putting the United States a nose ahead of West Germany, with 284.6 billion DM.

In this context, even the developments in Iran, Germany's tenth largest export market, present few

worries. For one thing, 1978 deliveries to Iran made up only 2.3 percent of total exports. As HWWA noted in its biweekly economic newsletter in March, Iran will still need imports. Even if German exports to the country are halved, economists reason, the percent cut can easily be compensated with increased deliveries to other markets. The silver lining in the cloud, adds HWWA's Mr. Wohlers, is that the additional oil-price boosts in the wake of Iranian troubles will increase the income of other OPEC countries, enabling them to expand their purchases abroad, especially in those countries like Germany where the dollar's recent decline has curtailed their purchasing power.

In short, German exports this year are expected to increase at

**The monetary watchdogs at the Bundesbank have let it be known that neither economic expansion nor the EMS will be allowed to spur inflation. A major signal was the controversial central bank decision in mid-January to cut bank liquidity through a hike in the minimum reserve requirements and to boost the Lombard rate a half-point to 4 percent.**

least as much as world trade expands, generally put at a strong 5 percent. An even stronger increase in imports is expected to reduce the external component in the GNP, even on a nominal basis, but the steady export expansion nonetheless helps stimulate domestic investment.

## Machinery

Capital spending, in fact, figures to be the driving force in the German upswing. The Economics Ministry in Bonn drew attention already in its March report to the seasonally adjusted 2.5-percent rise in new manufacturing orders in December. The 1978 fourth quarter overall registered a 5-percent gain from the third quarter, despite the higher number of jumbo contracts

booked in the September period. And the bulk of this fourth-quarter gain came from capital-goods orders, which were up 8 percent from the previous quarter. Order backlogs at the end of the fourth quarter were up 12 percent from end-1977 — domestic backlog alone was 14 percent higher than in the previous year.

Industrial spending on machinery and equipment registered an impressive gain of 8.2 percent in real terms last year. The well-documented pickup in capital spending, notes Trinka and Burkhardt, finds at least a partial explanation in a 10.6-percent gain in gross income from corporate activity posted last year. The economists at Dresdner Bank, in a medium-term economic prognosis published in February, projected that expenditures for ma-

chinery and equipment would rise 6 percent in real terms this year. Considerably more optimistic in this regard are the analysts at Deutsche Landesbank. Chief economist Klaus Wierers said they are looking for a real 9-10 percent pickup in equipment spending; for this reason, WestLB puts overall GNP growth at 4-4.5 percent for the year.

Construction spending, meanwhile, is expected to increase slightly faster this year, after gaining nearly 5 percent in 1978.

Orders for commercial construction, relates the Bundesbank, were up 19 percent in October-November from the 1978 third quarter. Overall order backlog at the end of the September quarter (later figures were not available) was up nearly 30 percent from year-ago levels.

The Economics Ministry estimates that order books registered a further increase in the December quarter, to about 3.3 months' equivalent production capacity. Both the Bonn officials and the Bundesbank economists thus expect building capacity to be fully utilized in 1979. Indeed, they say, the expansion in the construction sector is limited only by lack of skilled workers to fill key jobs. Even though the sharp rise in long-term interest rates will undoubtedly brake new order activity this year, especially in residential construction, the industry is expected to be a driving force in economic expansion at least through 1979.

Private consumption, far and away the largest component of GNP (accounting for nearly 55 percent in 1978), grew 3.8 percent in 1978 and so slightly exceeded overall GNP growth. This year, it is generally expected to keep pace with overall growth; thus, it will not provide any extra momentum, but on the other hand should not drag on growth either. Consumer spending in the 1978 fourth quarter was a nominal 6 percent above the year-ago period, exactly corresponding to the nominal increase in the disposable income of private households (the savings quotient remained steady at about 14 percent). The Bonn government noted in its annual economic report that income tax cuts taking effect at the beginning of 1979 would leave an extra 10.4 billion DM in the hands of taxpayers (partially compensated for by the 2.5 billion DM taken from them by a 1-percent boost of the value-added tax on July 1). Along with the increase in pensions at the beginning of the year, the government reasons, Bonn has done its share to foster consumption.

## Underestimation

Public-sector spending should only slightly trail overall growth, according to the government's own projections. Bonn's annual economic report in January put the nominal increase in state consumption at 6.5-7.5 percent, noting that the same projection last year came in at the lower end of the estimate in fact (plus 6.5 percent). The government admitted it has a tendency to underestimate tax revenues and so to overstate the extent of its contribution through deficit spending.

In 1978, for instance, Bonn projected a public-sector financing deficit of 46-51 billion DM. The actual deficit was only 37 billion DM, largely because tax receipts were up a nominal 5.5 percent instead of the 2.5-3.5 percent expected. For 1979, the report projects a public-sector spending deficit of 43-48 billion DM. But already in mid-March, the expert committee that estimates tax revenues revised its 1979 projections upward by 5.3 billion DM. Part of this windfall will find its way into extra spending programs, but debt estimates are further distorted by the chronic failure of state and local governments to fulfill their spending plans. One economist suggests this is a tactical ploy by these governments, who hope to gain a bigger cut of the tax revenues by overstating their expenditures.

Most independent economists agree with the government that 1979 should bring some improvement in the unemployment situation — but no one thinks it will be easy. The projected 4-percent real growth exceeds estimated productivity gains of 3 percent only slightly. Meanwhile, the work force also continues to expand, and will continue to do so until the mid-1980s.

Unemployment last year averaged less than a million for the first time in four years. The government's stated goal for 1979 is to cut the jobless rate to 4 percent from 4.3 percent last year. (West Germany, by the way, figures its jobless rate in terms of employees, excluding self-employed individuals. EEC statistics, however, include the entire work force, so that after this reckoning, West German unemployment was 3.9 percent in 1978 and the government's goal for this year is 3.5 percent.)

The general expectation on the price front is an average 3 percent increase in the consumer price index. This slight increase from 2.6 percent last year marks a turnaround in the steady decline of inflation in West Germany, from 7 percent in 1974 through 3.9 percent in 1977. The 1978 improvement, on the other hand, exceeded the most optimistic of projections due to the sharp fall in raw materials prices (in mark terms). The increased inflation this year is the accepted consequence of faster growth and sharp increases in many commodities prices. Some economists are suggesting that unexpectedly high oil prices might push inflation up to 3.5 percent, but others are more sanguine about the final outcome of oil price hikes and point out furthermore that the moderate wage increases enable industry to preserve a favorable cost structure de-

spite the increases in material costs.

Also, the monetary watchdogs at the Bundesbank have let it be known that neither economic expansion nor the EMS will be allowed to spur inflation. A major signal was the controversial central bank decision in mid-January to cut bank liquidity through a hike in the minimum reserve requirements and to boost the Lombard rate half-point to 4 percent (at which banks can borrow short-term funds from the Bundesbank against securities holdings).

## 'Hot' Money

The moves drew sharp criticism from the Finance Ministry in Bonn, which claimed that a restrictive monetary policy would cut short the economic upswing. But the Bundesbank based its decision on the view that the upswing was well enough under way that it could not be cut short. Moreover, the liquidity moves in particular were primarily designed to continue the disinflation operation necessitated by the speculative inflow of funds last year's foreign-exchange turbulence.

It was this inflow of "hot" money that largely accounted for the Bundesbank's failure to meet its target of 8 percent growth in the central bank money stock (cash in circulation and domestic bank deposits subject to minimum requirements). The money stock, in fact, surged ahead an average 12 percent for the year, and making the fourth year in a row that the central bank failed to keep to its goal. But central bank officials have always maintained that the target was mainly an orientation point and demonstrated the Bundesbank's readiness to pursue monetary expansion, extra while the economic recovery is still fragile. This year as the Bundesbank president, Oskar Eggert,inger made clear in announcing the January decision, the added inflation dangers mean that the central bank will have to stick to its target of 6-9 percent growth during the period from fourth quarter 1978 to fourth quarter 1979.

The government's chief worry was that the Bundesbank move would bring a further increase in interest rates. The 10-year capital market rate suffered a consecutive inverse, rising from 5.7 percent in March, 1978, to nearly 7.5 percent in March, 1979.

But, economists at the commercial banks assert the shorter-term bank rates did not keep pace with the capital market increase. Moreover, most large companies have huge reserves of cash accumulated over the past four years of low investment activity, plus the funds from earnings increases booked last year and likely to continue this year. The hike in the Lombard rate as well as any subsequent boosts in the discount and Lombard rate are in fact an adjustment to interest rate increases, rather than a case they argue.

## Unanimity

Perhaps the most encouraging single fact about the economic prognoses here is the relative unanimity. The past three years have seen a widespread confusion about the domestic economic situation due to economic forecasts that were misleading or downright wrong. Coming off 1978's heady 5.7-percent GNP growth, economic analysts projected anywhere from 3 to 4 percent growth for 1979, if overshooting the dismal 2.6 percent actually attained. Chastened, if experts produced estimates ranging from 1.5 to 3.5 percent for 1979 but quickly revised these down after the poor performance of the 1978 first quarter — so that the actual 3.4 percent was also a surprise, albeit more pleasant than that in 1977. The economists' various excuses — important prizes were not fulfilled, a continuous revision of the statistical base at the beginning of 1977 made the figures unreliable — were unconvincing stances (like the dollar crisis) entered the scene.

But Deutsche Bank offers another thought-provoking explanation in its January economic newsletter. Economic forecasting, says the bank, is too strongly oriented to order inflow and production, ignoring the role of the service sector in economic development.

## Service Sector

A Dresdner Bank study published in February underestimates a point. The industrial share of West German GNP slipped to 48 percent in 1977 from 54.1 percent in 1974, while the service sector share rose to 49.2 percent from 42.8 percent (West Germany, by the way, has the lowest service sector share of the eight industrial countries analyzed, including France, Britain, Italy, the Netherlands, Belgium, Japan and the United States). Economic analysts maintain that their projections are just plain instruments and not crystal-ball prophecies. The wide-ranging consensus regarding Germany and its forecasts this year allows for the fact that the projections are on average a few years, though, lend weight to the Deutsche Bank suggestion that forecasting be refined to come a more reliable instrument for planning.

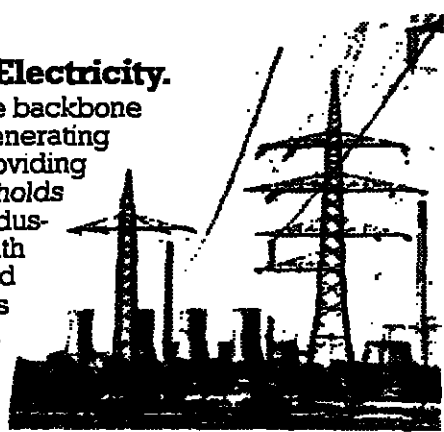
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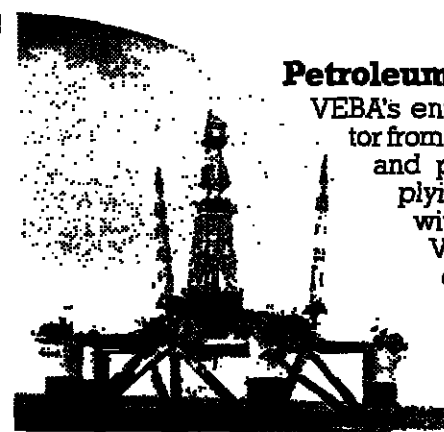
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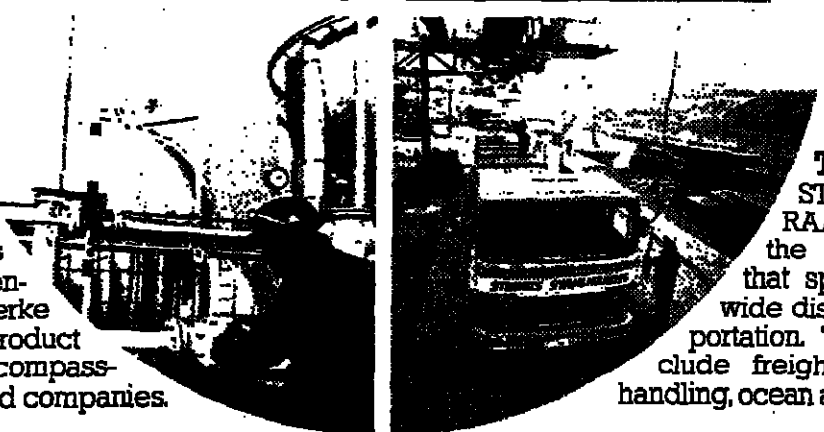
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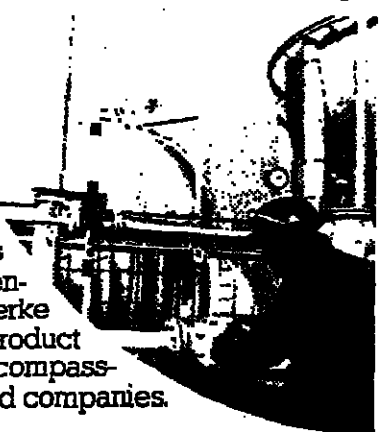
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APRIL 1979





## Outward Calm Belies Youth Discontent

By John Dornberg

MUNICH (IHT) — A decade ago, West Germany appeared to be in the turmoil of a youth rebellion, and the young of the country late 1960s were called "the crisis generation."

Today, on the surface, all appears calm in schools and universities. Educators, sociologists and politicians refer to the nation's youth as "the conformist generation."

In earlier years, that is, around 1968, says Kurt Benz, an economist at the Institute for Youth Research here, "young people idolized Martin Luther King and John F. Kennedy."

While that may allay the fears of some West Germans who have never had much use for Mr. Brandt and his policies, it also suggests that the young are not as rebellious as they once were. There are signs of a new conformity, and a new sense of purpose, and a new sense of direction.

According to a number of recent surveys, opinion polls, and other studies, the young people in West Germany are largely happy with the state of their society.

For example, 48 percent of those between 18 and 24 years old, for example, believe that the society is functioning well.

About 65 percent of university students believe there is no real need for a democratic process in the country's political life.

But central belief that the government and its policies are no longer fully representative of the interests of the people.

Nearly 61 percent harbor the belief that the country's constitutional system is being undermined and distorted in a reactionary or authoritarian direction.

### Communism

Almost half believe that there are more equalities of income in the communist countries, and 6 out of 10 believe that the communist countries are better than the West.

Only 39 percent believe there is a need for a free discussion in West Germany.

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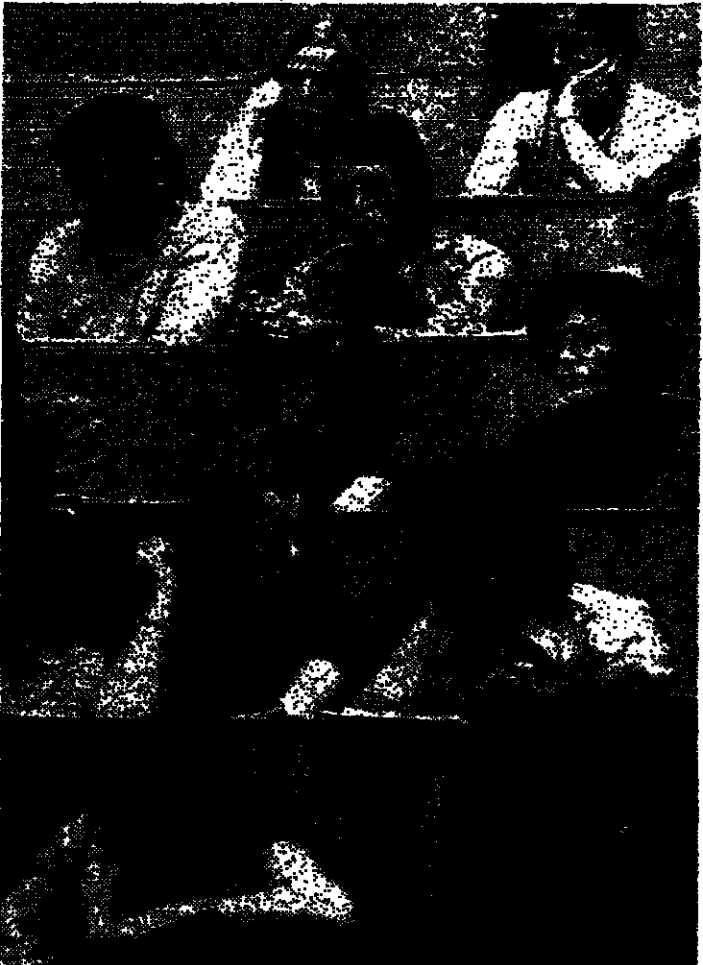
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Students crowd limited university facilities.

schools and universities have kept pace with the wave of youth surging onto an already overburdened labor and educational market.

Today there are nearly 900,000 students enrolled at West German universities, five times as many as 20 years ago. By 1982, there will be 1 million.

The reform of the educational system itself has opened the doors of the once elitist German gymnasium, graduation from which is a prerequisite for university admission, to a much broader spectrum of the population.

Two decades ago only 10 percent of any given year's 11-year-olds were admitted to a gymnasium, and of these only 7 percent graduated with the abitur diploma that guaranteed university entrance. Six percent actually went on to a higher education.

Today more than 25 percent of 11-year-olds enter a gymnasium and nearly every fourth young person born in a given year seeks admission to a university.

Although some new universities have been built, funds have been quadrupled and teaching staff doubled within the past decade, this has not been enough to keep pace with the rush of applicants. To select from among them, the so-called numerus clausus system for various universities and fields of study was introduced a number of years ago. Only those applicants with appropriately high marks on their abitur examinations in gymnasium can be admitted.

Three years ago, the universities had to exclude some 45,000 of 80,000 eligible gymnasium graduates who had applied for admission, and the number of those rejected had grown each year since then. By 1985, it has been estimated, some 1.6 million gymnasium graduates will be competing for around 900,000 places.

By 1980 already, according to most prognoses, there will be an army of a half million eligible youth who have been barred from entering the universities simply because the institutions lack the physical facilities and teaching staff to accommodate them.

They will be on the market, as they already are this year and have been in past years, looking for jobs and apprentice training programs in competition with 70 to 75 percent of West German youth who do not attend gymnasium and whose plight, in a sense, is even greater.

These are the majority of teenagers who attend only the nine-year (in some states, 10-year) hauptschule and for whom the next step in life is usually vocational training as apprentices.

Their apprenticeships are accompanied by 8 to 10 hours of instruction each week for a three-year period in a vocational school called the berufsschule.

There are 470 recognized occupations in which apprentice training, for a minimal wage, is given. The instructors must be master craftsmen. The majority of trainees work and learn in small businesses, shops and manufacturing enterprises. But the large corporations also have training departments and hire thousands of apprentices each year.

Daimler-Benz of Stuttgart, for example, has an apprentice training division with slots for 5,000 teenagers.

At present there are about 1.3 million young West Germans learning a trade and continuing their education in this way. The big debate is over how many there are, and will be in the 1980s, who have been unable to obtain apprenticeships.

According to industry and the government there are practically none. In fact, published statistics of the Ministry of Education and Science indicate that at the end of 1978 there were 624,400 apprenticeships being offered and 628,500 being sought.

But according to the trade unions and certain media such as the daily Frankfurter Rundschau and the weekly magazine Stern, there are actually 100,000 teenagers looking for, and unable to find, apprentice positions.

They are either unemployed, though not listed on the official jobless statistics, or work part-time.

Another symptom of the times is that youngsters are becoming increasingly conformist and ruthlessly competitive — to the point where not even best friends will help each other with school work.

"I can't afford to help," says one gymnasium senior. "Anyone who gets a better grade on an assignment, a test, not to even mention the abitur exams, reduces my chances of being admitted to the university. The system literally compels me to derive pleasure from the failure of others."

Finally, there is an alarming increase in youth crime and juvenile delinquency. Some experts even term it "explosive" and describe it as "a social catastrophe."

In Northrhine-Westphalia, the most populous of the West German states with nearly one-third of the country's entire population, 40 percent of all crimes are now committed by offenders in the age group of 16 to 18 years.

Compared with a 43-percent increase in adult criminality in 1977, for example, the increase in crimes committed by juveniles was three times as high.

There are almost as many causes and explanations for the increase being proffered as there are criminologists, sociologists and psychologists who present them.

But as Mainz criminologist Armand Mergen puts it: "It is not the children who have changed but the environment in which they are forced to live."

at odd jobs and as unskilled laborers.

Another 90,000 are enrolled in one-year orientation courses at a berufsschule, without having apprenticeships, and will be seeking training positions, along with the usual flood of hauptschule graduates at the close of the current school year.

Official statistics show only approximately 95,000 unemployed youths, but German Federation of Trade Union estimates, and analyses made recently by various labor market researchers, indicate that the figure is at least double. The discrepancies result from the fact that the official statistics reveal only those receiving unemployment compensation or registered with labor offices, not those youngsters who have more or less given up hope of finding work or apprenticeships.

There are not clear indications how many of them are the children of foreign workers.

One thing, however, is certain. As the "baby boom generations" start to flood an already tight market, there will be an ever larger number of young West Germans looking for training possibilities and work. By the early 1980s, it has been estimated, their number will total almost 2 million.

The situation is complicated by the fact that tens of thousands of gymnasium graduates, excluded by numerous classes and unable to enter the universities, are also looking for vocational training, apprenticeships and jobs.

### 'Pill Pinch'

Numerous solutions have been offered and schemes started to absorb the growing army of unemployed and expectant youth and to tide the country over to the era when the "pill pinch" generations — those born in the 1970s when West Germany began recording negative population growth — start showing up on the labor and education markets and reduce the pressure.

These include special tax levies on firms that do not hire enough apprentices, bonuses for those who agree to take on more, and proposals for extending the general hauptschule period of education from 9 to 10 years. Although that plan has met with favorable response in states governed by left-liberal SPD-FDP coalitions, it is opposed in those governed by the conservative Christian Democrats.

The pressures of competition in a meritocracy are beginning to show on West German youth.

The most shocking symptom is the high rate of teenage suicides — 621 in 1976, the last year for which complete official statistics are available, more than double the figure 10 years ago. To those deaths sociologists add anywhere from 7,000 to 14,000 suicide attempts annually.

They are all, according to the experts, victims of a syndrome haunting West Germany: *schulungsangst* — fear of school, or what is also termed "education stress."

According to Munich's Academy of Psychoanalysis, 20 to 25 percent of all West German schoolchildren are in need of psychotherapy. Fifteen years ago, according to a Heidelberg child psychologist, less than 8 percent of the youngsters treated in his practice showed abnormal symptoms that could have been ascribed to difficulties in school. Today it is every third. A Stuttgart psychotherapist, Dr. Edith Zehrfeld, has set the ratio even higher at 50 percent.

### Epidemic

The primary cause of this epidemic among West Germany's young people is said to be the social and psychological pressure to succeed and excel in school or face the consequences of being barred from university and apprentice training.

Another symptom of the times is that youngsters are becoming increasingly conformist and ruthlessly competitive — to the point where not even best friends will help each other with school work.

"I can't afford to help," says one gymnasium senior. "Anyone who gets a better grade on an assignment, a test, not to even mention the abitur exams, reduces my chances of being admitted to the university. The system literally compels me to derive pleasure from the failure of others."

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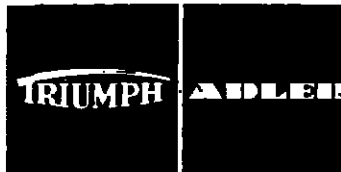
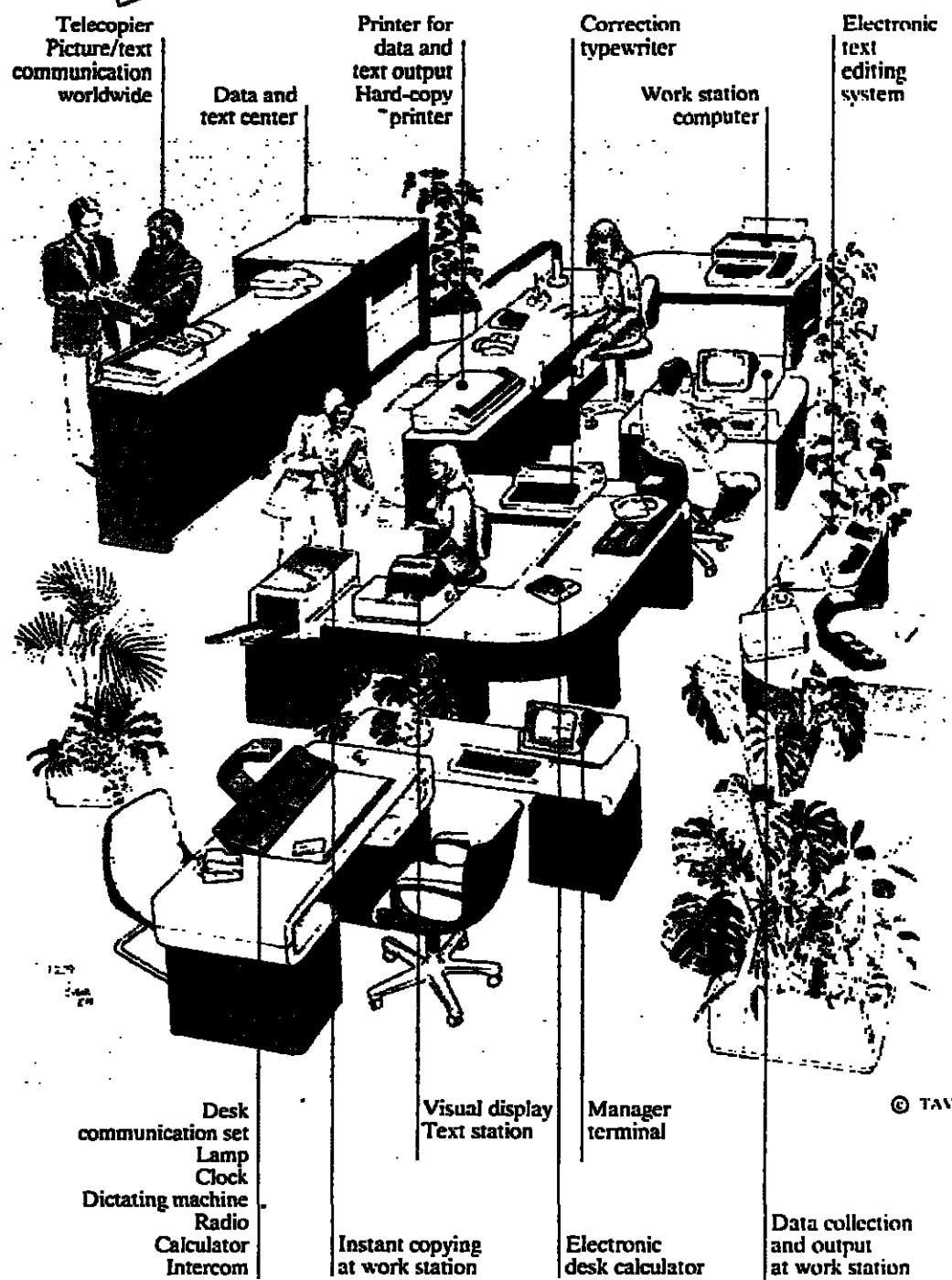
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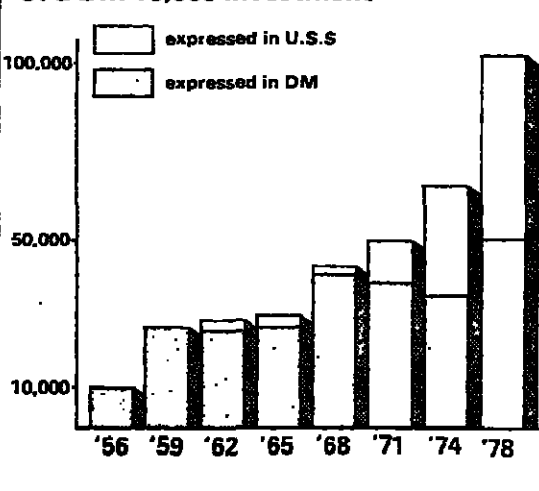
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Fewer baby carriages are seen in Germany today.





## Study Challenges 'High-Flying Prognoses' for Nation's Future

By Thomas C. Lucey

**HANOVER (IHT)** — The authors of the second Club of Rome report, "Mankind at the Turning Point," have taken the basic concept of that project to examine the future of West Germany "on the way to the 21st century."

The 6,000-page computerized study, known as the Germany model, indicates that the nation that is now one of the world's leading economic giants is entering a period of a declining rate of growth. One obvious conclusion from this — that there will be less demand for energy — clashes with the current forecasts by government, industry and the major economic research institutes.

The study also foresees fewer Germans in this nation, where there is already zero population growth.

Other "predictions" — a word that those involved with the model eschew — include:

- Unemployment will double to 2 million in the early 1980s as the young people of a post baby boom try to enter the work force. Unemployment is expected to be a problem until 1985-86.

- The number of students in colleges and universities will almost double. The jobs they will be able to find afterward will not pay much more than those held by the less educated. Five times as many grad-

uates as now will be looking for jobs in private industry as the year 2000 approaches.

By 1990, the average work week will consist of 33 hours. The German — and major — part of this massive project was made under the direction of Eduard Pestel by six researchers with a variety of backgrounds, including machine manufacturing, management, electronics and economics. The Federal Ministry for Research and Technology financed the project with a grant of 1.5 million Deutsche marks, half of which went to Mihajlo Mesarovic in Cleveland, Ohio, to prepare a world model for this endeavor.

Mr. Mesarovic and Mr. Pestel are the authors of "Mankind at the Turning Point." "Of course I reported the Germany model to the Club of Rome, but it has nothing to do with this project," Mr. Pestel said.

### Mechanic

Mr. Pestel, who turned 65 last month, has been a member of the Club of Rome's executive committee since 1969. He started his career as a construction worker, became a successful manufacturer in Japan and returned to Germany for an academic career that soon placed him at the head of the Institute for Mechanics at Hanover Technical University. "I am a mechanic, not an



Eduard Pestel, front left, Klaus-Peter Moeller, right; Rolf Bauerschmidt, rear left, and Wolfgang Oest.

economist," Mr. Pestel pointed out.

In 1977, he became the chairman of the Volkswagen Foundation and the minister for science and art in the state of Lower Saxony.

Although he was first a minister without a party, Mr. Pestel has since joined the Christian Demo-

cratic Union, which is the party in power in Lower Saxony but not in Bonn. Political partisanship has its price. For example, Mr. Pestel said that while both Chancellor Helmut Schmidt and President Walter Scheel have read the book version his Germany model, he has

not discussed it with them. "We are on different sides of the fence now," he said.

Observers speculate whether a CDU minister can count on further grants from a research ministry headed by a man appointed by Mr. Schmidt.

The project that became the Germany model started at the research ministry. "I was then a member of a consulting group to the ministry," Mr. Pestel said. "We were discussing technical advancement in Germany and wanted to know what could be done to find the priority areas, especially with regard to the position of Germany as far as the export potential of German technology was concerned."

"I suggested starting an investigation with the aim of developing a systems model based on the technique employed by Prof. Mesarovic and myself in the research that led to the book, 'Mankind at the Turning Point.'"

Mr. Mesarovic went to work on a new world model at his Systems Research Center at Case Western Reserve University in Cleveland. In early 1975, Mr. Pestel started the Institute for Applied Systems Research and Prognoses (ISP) in Hanover to handle the Germany model. The institute is housed on the ground floor of an 18-story nurses dormitory, part of a 1,000-patient hospital and medical school com-

plex. The landing pad for the ambulance helicopter is outside the institute.

"The basis for a model is the fact that everyone lives within a multitude of systems," explained Klaus-Peter Moeller, an ISP researcher who specializes in consumer behavior and the study of population. By "cross-connecting" a seemingly endless series of facts as simple as "women have children," the model can work out the birth rate for the next 20 to 25 years. To do that, it needs many related and interrelated data from many systems.

Such data can sound brutally scientific: "The reproduction factor for each woman in Germany is 0.63 girls," Mr. Moeller said. "We only count the female children because the males don't have children."

The Germany model has four systems models made up of such commonplace but related facts: population, education, economy (broken down into supply and demand) and technology (divided into work, energy and materials).

In Cleveland, Mr. Mesarovic and his team constructed a world model composed of systems models for the world economy, raw materials for energy, nonferrous metals, world trade, capital goods, world population and foodstuffs. This is more detailed than the world model used for the Club of Rome report.

The Germany and world models interrelate in two important areas: imports and exports and technology.

The Germany model was asked to produce answers — called "scenarios," accounts of "what would happen if..." — in five areas: population and education, the economy, work force, and north-south dialogue.

"We spent many sleepless nights at the institute," Mr. Pestel recalled.

Systems models are based on the "holistic" view, which Mr. Mesarovic and Mr. Pestel have defined simply as "everything seems to depend on everything else..." one looks at the totality of all aspects of a problem rather than focusing attention on an isolated phenomenon, as in the analytic approach traditionally used in scientific inquiry.

The model itself is a workable

copy of real life, made up of "numbers... and what is related to what... and possibly in which sequence." About 100,000 such relationships can be fed into a computer, and from this electronic mix, it is possible to work out the "scenarios." These stories are the consequences of events in the future evolution of the system.

None of the "scenarios" can take into account World War III or another major catastrophe.

"We are not trying to predict the future... but to assess alternative future developments," Mr. Mesarovic and Mr. Pestel have pointed out.

"There are no prognoses, only model calculations," said Rolf Bauerschmidt, an electrical engineer who has been with Mr. Pestel since 1974 and who worked on the Club of Rome's "Strategy for Survival" project.

While computer printouts are still piling up on desks at the institute, researchers are not working on a new Germany model. "We are trying to improve it," Mr. Moeller said. "For example, while some of the data used is from '76 and '77, some of it is only from '72."

"Some of the data that officials use is worse," added Mr. Bauerschmidt.

### Findings

Mistakes were made in preparing the Germany model. "When we found out that the student population would almost double, and this appeared in an article in a German magazine, we were quickly told that we had failed to deduct the students from the overall work force," Mr. Moeller said. "That mistake had, of course, affected our other calculations. We were annoyed that we had made a mistake but we were glad that it was pointed out before the project was finished."

Last year, the 6,000-page findings of the Germany model appeared in 238-page, 22-DM paperback called "The Germany Model: Challenges on the Way to the 21st Century."

The principal message of our book is that the high-flying prognoses by the Big Five research institutes in Germany must be brought down to solid ground," Mr. Moeller said. "Overall, there will be mod-

erate growth, much slower than in the past."

"This means that less electrical power will be needed by 1985 than official figures claim. And that means fewer power plants. Even if natural gas and oil were totally cut, we would need only 50 percent of the nuclear plants that are anticipated."

"It is not in the model, but since the government started to make energy prognoses in 1973, each successive year it has had to be lowered by about 10 on the average."

"The reality for 1985 probably lies between the government figure and ours," Mr. Bauerschmidt added. "Even the business sector doesn't accept the official figures. I think the government deliberately exaggerates to support nuclear energy."

"I disagree," interrupted Wolfgang Oest, who helped develop dynamic economic models. "The government feels that if there will be too much energy, it can reduce it. But if there is not enough..."

Bernd Hornung, a recently graduated sociologist, works on a new project concerned with a special world — the one inside political leaders' minds. "This is really new something no one in the world has done," Mr. Hornung said. "Using a cognitive model, a non-numerical model, we are attempting to consider psychological aspects: How the decision makers make their decisions. The computer model is based on the premise that one has a certain knowledge of the world and its problems and sees certain causal connections. We can then see what decisions the decision makers would make under certain circumstances."

The first task of this project, which is financed by the Volkswagen Foundation, focuses on the ideas in the energy area of the two major West German political parties, the Social Democrats and the Christian Democrats. The computer input is from definite policy stands made by party leaders in 1977, a year especially rich in such statements.

"We are now formulating them so they can be fed to the computer," Mr. Hornung said. "Then we can calculate what decisions would be made under definite conditions."



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The future is daily routine at Heinrich-Hertz-Institute for communications technology. Here basic research goes into the development of new sound and picture transmission systems, such as two-way cable TV, text screen display, laser beam and fiber glass as media for storing, transmitting and processing of data. The impact of new technology now under development has yet to be assessed. It will provide new highly qualified jobs, revolutionize office management and open up a whole new dimension of utilizing TV systems for telecommunication.

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# Labor: Recent Signs Suggest End to 'Industrial Peace' Era

(Continued from Page 1S)

**One factor contributing to labor's new mood was the decision by organized management and the German Employer's Association, to test and challenge the constitutionality of the new co-determination law, hailed as a major step toward genuine industrial democracy.**

unions and with its more than 7 million members, has some 25,000 people in its direct employ.

It owns the Bank fuer Gemeinwirtschaft, the country's 9th and the world's 49th largest, with 200 branches throughout West Germany and total assets of almost \$23 billion. It also owns and operates the country's largest home-

building and real estate development enterprise, Neue Heimat. West Germany's second largest life insurance company and a super-market chain.

The chances of one of the big unions calling a strike were about as great as being hit by lightning on a cloudless day. In fact, it seemed the word "strike" had almost disappeared from the language.

During the three-year period from 1974 to 1976, for example, West Germany lost only 25 working days per 1,000 workers due to strikes, compared to 40 in Sweden, 243 in France, 353 in Britain, and 508 in the United States.

But for the past year or two, West Germany's unions and organized management associations seem embarked on what is shaping up as a new era of confrontation that could have far-reaching implications not only for Germany but Western Europe as a whole.

The West German "model," it seems, is no longer working. Labor has been moving on a course of more "class consciousness" and a bigger share of the pie. Management has displayed an eagerness for confrontation and showdown.

The first signs were a prolonged and bitter printers' strike in February and March, 1978, accompanied by lockouts that left the country without newspapers some of the time and five large cities, including Munich, without papers for the duration of the dispute.

At issue were the new technologies of computer-fed "cold type" and photo-offset printing, which are just starting to be introduced here. The printers' union, I.G. Druck und Papier, demanded an industry-wide agreement that would protect printers' and typesetters' jobs and prevent either journalists or clerical help from performing any of the technological production likely to be rationalized away by computerized type-setting.

But the printing dispute was merely a curtain raiser to the one in the steel industry that began last November and continued for nearly seven weeks through mid-January.

That strike in the Rhine-Ruhr region, Bremen and Osnabrueck, involving 200,000 members of I.G. Metall, the huge metal workers' union, was the longest in postwar German history and also the most costly. The total bill, including strike pay, benefits to laid-off nonunion workers, direct losses in production and increased wage costs has been estimated at more than 1 billion DM.

At issue, ostensibly, was the union demand for a 5-percent wage increase and the introduction of a 35-hour work week. The compromise solution finally reached calls for six weeks of annual paid vacation and gradual reduction of the work week.

The strike revealed a new mood and attitude in organized labor here — belligerency and pique, not to mention a new class consciousness. West German workers, it now appears, feel as trapped, frustrated and angry in the face of unemployment, mechanization, computerization and job shrinkage as those in other countries.

One factor contributing to labor's new mood was the decision in the summer of 1977 by organized management and the German Employer's Association, then headed by Hans-Martin Schleyer, to test and challenge the constitutionality of the new co-determination law in the supreme court in Karlsruhe.

**Industrial Democracy**

Enacted in 1976, and hailed as a major step toward genuine industrial democracy, it gives worker representatives an equal number of seats, and almost equal voice, to those of shareholders on the corporate supervisory boards of West Germany's 450 largest companies — all those employing 2,000 or more people.

To be sure, there have been numerous problems implementing the law and a number of companies have evaded it by altering their corporate bylaws or breaking their operations down into smaller, ostensibly autonomous divisions. But organized labor views the measure as a fair and sensible means for protecting the market economy and capitalism by making both more

flexibly responsive to contemporary pressures of social change. However, management decided to test the law's constitutionality on grounds that it violated rights of private property. To labor that was a breach of contract and of a gentleman's agreement.

Filing of the supreme court suit in 1977 triggered a spate of stalled and broken industrial negotiations and a pattern of collective bargaining gone awry. It heralded the end of the spirit of "social partnership."

Although the supreme court fully upheld the law in its ruling on the test suit last March, and union leaders such as DGB chairman, Heinz Oskar Vetter, have tentatively held out an olive branch to management, it is doubtful whether the old rules of the game can be revived.

**Undermined**

West Germany's unwritten social contract, taken for granted for three decades not only by the Germans but by the rest of the world, has been dealt what many observers regard as blows that will never heal.

And they were inflicted by considerably more than management's move to challenge co-determination or labor's anger over the suit.

Labor remains piqued by the way the co-determination law is being undermined in practice. It also seems determined to battle what it sees as a gradual and deliberate erosion of jobs through technological rationalization and the transfer of capital and production facilities abroad — phenomena that management ascribes to West Germany's hourly labor costs, now almost the highest in the world, and the country's ceaseless quest for more leisure time.

Organized management and industry seem determined to reduce labor's share of the pie, claiming that this will help create new jobs. Conversely, organized labor contends that pay increases and reductions in the work week will stimulate consumer demand, reduce unemployment and reinvigorate the sluggish economy.

Though many of these are chicken-or-egg type issues posed in all industrial societies, the fact that they are now being raised in West Germany is symptomatic of the new mood.

To complicate matters, within the inner councils of the trade unions, there is now a new generation of functionaries. University educated, inclined toward radical ideas and certainly more militant

than such veteran figures as Mr. Vetter or I.G. Metall's Eugen Loderer, they have known neither the work of the factory floor nor the hardship of the years immediately after World War II.

But they seem determined to exploit the inflation of expectation in West Germany — the prevalent belief that one is automatically entitled to more cash, more leisure time, longer vacations, a bigger apartment, a new car, or better clothes, regardless of the amount or quality of work performed.

As the veteran trade union leaders reach retirement age, these younger functionaries are struggling for power.

The result, as Rolf Rodenstock, the president of the Confederation of German Industry (BDI), puts it, is "tension and friction within the trade unions, limiting their ability to reach a broad consensus in the annual wage negotiations."

There are signs that the older leaders are no longer masters in their own houses or able to steer the course of events.

This was certainly evident during the recent steel strike when Kurt Herb, the regional I.G. Metall boss for the Ruhr, and for all practical purposes the strike's leader, turned down management offers and concessions that later became key elements of the compromise package.

Conversely, Mr. Herb obviously did not have the support of the union rank and file. Of those on strike, only 49.5 percent voted to accept the compromise package — an unprecedented phenomenon in West German labor relations.

In fact, later, shop stewards in a Dortmund steel plant even demanded Mr. Herb's resignation because he had failed to negotiate terms leading to a 35-hour week in the industry. As a regional secretary, however, he is a full-time employee of the union executive, not an elected official over whom the membership has the right of recall.

To be sure, West Germany is not yet Britain. Given the structure, organizational forms and vested interests of labor, with top union officials also sitting on the supervisory boards of the country's largest corporations, it is not likely that matters will become that chaotic.

But the cozy days of labor-management harmony are over. —J.D.

## Apprentice System Helps Youth Find Jobs

By Lynn Payer

PARIS (IHT) — Five years ago, when on-the-job vocational training was out of fashion, the German system of apprenticeships was considered outmoded. Countries that could do so usually tried to keep vocational training in the schoolhouse for as long as possible.

But now, other countries are looking enviously at the German system, as became evident at a conference on vocational education of the Organization for Economic Cooperation and Development held here last summer. Since the conference, France has announced a program to get its young people into the factories, and the United States, too, is emphasizing this approach.

One of the reasons the apprenticeship system appears more enticing now than it did five years ago is that the countries who chose to develop their apprenticeship systems — Germany, Austria and Switzerland — have relatively less unemployment among young people today than do other countries. OECD figures for 1976, for example, showed that 5.2 percent of the German labor force under 25 was unemployed, compared to rates of up to 14 percent in many other countries.

"Getting a young person into an apprenticeship does not guarantee that person a job, but it helps," said Hermann Schmidt, president of the Federal Training Institute in Bonn-Bad Godesberg.

"West Germany is happy with its system," he added. "We want to ameliorate it but keep the basic system."

**Long Tradition**

He explained that Germany had chosen to develop its apprenticeship system mostly because of its long tradition. In recent years, the government has stepped in to regulate the programs, to prevent the exploitation of apprentices and to insure that their on-the-job training is not narrowly restricted to the particular industry in which they are serving.

The government has also acted to insure that the number of apprenticeships is adequate, he said.

A large firm that does not offer at least 12 percent more places than the number of apprentice seekers has to pay a substantial fine, which is given to those firms that do offer more places.

This insures that every person who completes the requirements for pre-apprentice schooling is guaranteed an apprenticeship, Mr. Schmidt explained. Fifty-five percent of the nation's youth go this route, including 90 percent of Hauptschule, or general high school, graduates.

In spite of the relative success of the apprenticeship system, vocational education in Germany as elsewhere is being criticized because there is some unemployment, which vocational educators such as Mr. Schmidt feel is unfair. Vocational education, they say, cannot create jobs if they do not exist but only adapt education to what the labor market offers.

But if vocational training programs have only a marginal economic value in a time of recession, a trained labor force has a major impact in a time of boom.

A continuing problem is the low status that vocational education has traditionally had in comparison to academic education. Mr. Schmidt noted that one German trade union worker put it this way: "General education is vocational training of the leaders in society, and vocational training is the general education of those who are led."

There is still a way to go in Germany before an apprenticeship confers the same prestige as a university diploma or title. But now, graduates of the apprenticeship programs often make more money than gymnasium graduates. This has meant that the gymnasium graduate may decide to enter an apprenticeship program, further swelling the ranks of those seeking them. A few years ago, Mr. Schmidt pointed out, 94 percent of students admitted to university studied there, whereas today only 78 percent do, with a fair proportion of the others opting for apprenticeships.

**Steel Strike**

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## Industries, Now of Age, Are Seeking New Markets Abroad

By Darrell Delamaide

**HAMBURG (IHT)** — Alka-Seltzer, Bantam Books and even the Great Atlantic and Pacific Tea Co. have fallen victim to the growing German appetite for U.S. companies.

Bayer, which invented aspirin but lost the U.S. rights to it during World War I, has now bought up Miles Laboratories, which makes Bactine and Brillo, as well as the world-famous fizzy tablets. Bertelsmann, a one-time theology book-house but now one of the biggest media conglomerates in the world, acquired control of America's largest publisher of paperbacks and became what may be the world's biggest book publisher. And 1979 began with the startling news that Tengelmann, a privately owned supermarket chain in West Germany, was going to bring its expertise and money to bear on A & P, once unchallenged champion of the grocery world.

These splashy examples illustrate a significant shift in investment streams that began five years ago but attracted attention only during the past year.

On the other hand, the United States is not the only target of German acquisitiveness. A recent study from Dresdner Bank documents the dramatic growth of German direct investment abroad in the past decade. During the postwar period of the 1950s, German investment abroad averaged only 300 million Deutsche marks annually. This mushroomed to 1.5 billion DM per annum during the '60s, and fairly exploded to an annual 4.5 billion DM in the '70s. In fact, the Dresdner analysis points out, the sum has exceeded an average 5 billion DM a year since 1975 and for the first time exceeded direct investment by foreigners in the Federal Republic.

This is all very impressive, but it needs to be kept in perspective. For one thing, it would take centuries for German industry to buy all of U.S. industry at the rate of 5 billion DM a year (even if all the German investment abroad were in the United States, which it is not). Then, according to Bundesbank statistics, German industrial investment abroad represented only 4.6 percent of total capital spending at home by the end of 1977, compared with a ratio of 3.3 percent in 1970.

A recent survey by the IFO economic research institute in Munich found that while German investment in foreign countries would continue strong during the next few years, it would increasingly be by smaller, medium-sized companies

— the industrial giants already are showing signs of devoting more attention to domestic expansion. Finally, even though the 26 billion DM invested abroad by German industry in 1974-78 exceeded foreign investment in West Germany,

the latter still totaled the respectable sum of 18-19 billion DM in the same period.

Nonetheless, the upsurge in the foreign investment is a significant development. The main reason commonly cited seems obvious —

the steady revaluation of the mark (55 percent against major currencies since 1973) and the strong rises in wage and salary costs (particularly social benefits) make domestic production in Germany increasingly less competitive. The other side

of the argument is that investment and profit appear more attractive abroad.

But it is not that simple. The testimony of company executives and the surveys conducted reveal a complex of motivations that basi-

cally boil down to the fact that German industry has come of age. While currency appreciation and high wage costs might be the occasion of foreign investment, the fact is that German industry has outgrown its home market and is

forced by the dynamics of growth to expand existing markets abroad and seek new ones.

The IFO survey found that the main reason given by those who established production facilities abroad in 1974-1978 was the desire to be near the market — a factor cited by three-fourths of the respondents.

German executives explain their decision to invest in the United States speak most frequently of the size of the market, the potential for innovation and the need to be active in the world's largest market in order to attain world status. Mostly unspoken is the recognition that Germany has shaken off its postwar inferiority complex and the even deeper-seated fears resulting from the total loss of foreign assets twice in this century.

The economists at Dresdner make a whole array of reasons why the German expansion abroad not only does not hurt domestic production and employment but actually helps it:

- Nearly half of that investment does not represent industrial production. Thirty percent is for exportation and acquisition of raw materials and 20 percent for services.

- Preservation of market share through production abroad is crucial to maintaining export competitiveness. Moreover, deliveries from new plants abroad generally come from home, at least in the start-up phase.

- Research and development generally centralized at headquarters. In the long term, the tendency of governments to give orders for aid domestic employment means that German companies with production facilities abroad will benefit from these orders as well. A higher profit margin abroad strengthens the overall earning power of the companies and makes them a more reliable employer at home.

The surge in capital spending promised for this year by order flow statistics indicates that there hardly a flight of capital out of the country. The pickup in economic activity lends credence to the arguments advanced by the bank economists that German investment abroad is an important factor in maintaining dynamic growth in the domestic economy.

## Shipping: Breathing Easier Than a Few Months Ago

By Douglas Surton

**HAMBURG (IHT)** — Talking to West German shipowners and shipbuilders these days, one senses that they are breathing a bit easier than they were four or five months ago. But they are still worried about how they will manage to get through the most severe worldwide shipping industry depression since World War II.

The main reason for the slight relief shipping companies and dockyards now feel is the 660 million Deutsche marks aid package that Bonn and the four federal states where the shipping industry is concentrated — Hamburg, Bremen, Schleswig-Holstein and Lower Saxony — agreed on to help out the industry over the next three years.

By then, according to officials of the Hamburg-based German Shipowners' Association (VDR) and the German Shipbuilders' Association (VDS), the slump in the industry should — it is hoped — be over.

In the meantime, German shippers and dockyard operators will be making the necessary structural adaptations to help see them through the 1980s.

While aware that they are not alone in their problems in a depressed market, German shipowners and builders see themselves at an extra disadvantage owing to the plunge of the dollar in relation to the Deutsche mark; shipbuilders because they find themselves faced with either quoting uncompetitive prices in the export market or bidding at prices that cannot cover costs, and shipping lines because most conferences' freight rates are quoted in dollars.

Ralf Schneider, an official at the shipowners association VDR, said

"in the last two years the dollar's fall brought on losses of roughly 600-700 million marks in German shipping lines' proceeds."

The Bremen-based shipping firm DDG Hansa recently emphasized the role of currency fluctuations, pointing out that its proceeds last year declined from those of 1977 in spite of a 6-percent rise in regular shipping freight to 1.23 million tons.

Karl-Heinz Sager, deputy board of directors spokesman for West Germany's largest shipping firm, Hapag-Lloyd A.G., recently wrote that the shippers' situation was "precarious" and that a number of factors were increasingly making German companies' "ability to survive" questionable.

In addition to the main problem, the declining dollar, he said that the top wages that German merchant mariners receive and the relatively high taxes that German shipping companies pay were combining to add to shippers' woes.

### Highest Paid

The VDR's Mr. Schneider, citing a French study, pointed out that German seamen are on average the highest paid in Europe, receiving 13 percent higher pay than their Scandinavian counterparts and more than double what British merchant sailors are paid. Wages and other benefits are paid to German sailors in Deutsche marks and account for more than 60 percent of shipping companies' operating costs, he said.

According to VDR statistics for mid-October, 1978, German shipping lines employed 32,619 persons, 152 more than at the same time in 1977. By mid-February of this year, employment had dropped to about 30,500.

Mr. Schneider said that one of

the structural changes shipowners are working on, together with shipbuilders and the transportation workers union, is the "ship of the future" that would be manned by fewer but more highly specialized personnel.

For example, manpower aboard future container ships would be reduced from 25 to 18 merchant seamen; in addition, seamen would be trained to be able to work on different types of ships. The net effect would be to maintain or slightly reduce employment levels.

"Of course this is something which has to be worked out with the unions," Mr. Schneider said.

### Decline in Tonnage

According to the VDR, as of last Oct. 1 the total number of German-flag registered ships came to 617, for a total of 8.9 million gross registered tons. This represented a decline of 100,000 GRT from a year earlier, the first decline in tonnage since 1972 for the German merchant fleet.

A breakdown by the VDR shows that nearly 40 percent of total GRT is in tanker ships — among the hardest hit worldwide by the stagnation. In addition, 23.3 percent of Germany's tonnage is in bulk-freight shipping, 20.1 percent in regular carriers, 13.8 percent in chartered shipping, 2.3 percent in refrigerated shipping and 0.3 percent in passenger ships.

Overall, Lloyd's Register of Shipping ranks the West German merchant fleet eleventh in the world, accounting for 2.4 percent of total tonnage, and fourth in the European Economic Community behind Britain, France and Italy.

The VDR said in its annual report for 1978 that as of last Nov. 1, eight German ships were idle, ac-

counting for 10 percent of total tonnage.

"There was a slight increase in shipping afterward, owing mainly to Western oil companies stepping up petroleum shipments out of the Middle East in anticipation of a price increase by OPEC," Mr. Schneider said.

### Worst Year

He added that even without the exact freight figures for last year it could be safely said that "1978 was the worst year in this decade."

Commenting on the aid package that Bonn and the four coastal states worked out at the beginning of the year, Mr. Schneider pointed out that it largely met the suggestions that the VDR proposed about a year ago.

The package will mainly help the builders but there are aspects which will benefit shipowners," he said. The main benefit to owners will be in basically interest-free credits totaling around \$195 million spread over the next three years to help shipowners meet interest payments on their newer vessels.

"Most of our merchant fleet is new; ships delivered three, four years ago are now posing high interest-rate problems for the owners," Mr. Schneider said, "and the credits will help relieve the burden."

Another part of the package moves up by two years — from 10 to 8, and in exceptional cases to 6 years — the minimum period during which shipowners must keep their ships operating under the West German flag. After that period, shipowners may keep a vessel registered in Germany but operate it under a foreign flag, with foreign personnel and under less stringent

procedures and taxes, ultimately helping shipowners cut operating costs.

This part of the package has been criticized by the unions who fear that shipowners will use it to hire more foreign seamen at the cost of German sailors' jobs.

But the VDR argues that sailing under foreign flags helps maintain German seamen's jobs; profits made in foreign-flag operations can be used to compensate for losses in other areas.

Shipbuilders meanwhile see the government aid package as a necessary evil to try to get through the lean years ahead. Werner Fante, head of the shipbuilders' association, VDS, stressed that dockyards do not permanently want to operate on subsidies from the public but for the moment they are necessary.

"It's a question of jobs as well. We don't want to see jobs lost because shipbuilders in other countries get higher subsidies," he said. "We still believe in the free market system but first we have to reorganize."

The main thrust of the aid package would subsidize shipbuilders by as much as 20 percent of the value of a ship to help them make competitive bids on foreign ship orders. The VDS, while accepting the subsidies, notes that some foreign countries subsidize their dockyards by as much as 50 percent.

Mr. Fante said that the sharp rise in the value of the Deutsche mark "has been a very hard burden for us."

He added that while the appreciation of the mark had been a disadvantage, shipbuilders have yet to enjoy one of the advantages of a hard currency — low interest rates on loans.

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# Stock Exchange Braves Political and Monetary Trends

By Darrell Delamaide

FRANKFURT (IHT) — Stock-market operators in March began to lose their nerve. Market-ers from the major banks were hesitating to their readers that it was time to "buy selectively."

As the weekly magazine Wirtschaftswoche pointed out, this stockbroker's way of saying the market isn't going anywhere is to please buy something anyway.

The German stock market, as measured by the Commerzbank index of 60 major stocks, drifted with fluctuations from 817.2 at the start of 1978 to 786.7 at end-March. A halcyon period of political, economic and monetary shocks took the wind out of the sails of those who anticipated a breezy 1979 with a breezy optimism.

The overthrow of the Shah in Iran, Germany's main oil supplier, an important market for many companies, the Chinese invasion of Vietnam, unrest in Yemen, leftward swing of Afghanistan, silence in Turkey, problems in the Israeli-Egyptian peace process, the uncertain course of events in southern Africa — this conglomeration of political problems dampened the mood not only in the German stock market but in many others as well. Meanwhile, the sharp rise in oil prices and other commodities posed a potential threat to the economic recovery.

## Contraction

Perhaps even more important, however, it undermined the market's technical base, was the Bundesbank's move in mid-January to raise minimum reserve requirements for the banks and to boost the Lombard rate. These were taken as clear signals that the central bank was ready to follow a contractionary monetary course to defend price stability with the consequent effect of driving up interest rates and making shares less attractive.

Already, the dramatic rise in prices on fixed-interest securities — 5.6 percent average in March, to 7 percent in February, had unsettled the share market, but the expectation of a come-encouraged a wait-and-see attitude on the part of investors in both markets.

It was a different story last fall, when dealers were riding the crest of a strong surge in prices that



Another busy day on the floor at the Frankfurt stock exchange.

brought the Commerzbank index up 13.7 percent from its 1978 low of 759.4 on May 18 to its high of 863.3 on Oct. 19. The 1978 peak marked an eight-year high on the Commerzbank index. On some broader measures, the stock market even surpassed its postwar high, and analysts last fall confidently looked forward to a further 10-20 percent gain in 1979.

By year's end, though, the Commerzbank index was off 5.4 percent from the peak and a meager 3.8 percent higher than at the beginning of the year.

So most German analysts modified their optimism, although a bright economic outlook and the promise of improved company earnings kept the tone basically positive. The market, according to the general consensus, was to move sideways.

There were exceptions to this opinion. One recalcitrant bull is chartist Adriaan Schrikker, a Dutchman whose propagation of technical analysis has earned him the title Chartist Pope in Germany. Mr. Schrikker maintained his end-

March newsletter that the Frankfurter Allgemeine Zeitung index (FAZ-index), which measures 100 German shares, was headed to 288 from its end-March level of 247.50. Mr. Schrikker likes to remind his German clients that he was making similar predictions last April, when most analysts were then looking for sideways movement, and the predictions were proved right in the May-October upswing.

An exception in the other direction was Wirtschaftswoche, which

told its readers in mid-March to get out of German shares. It had found its own technical analysts who saw a clear sell signal in the German market's movement as traced on their charts.

An increasingly important factor in the German market is the presence of foreign investors. Bundesbank statistics (which also embrace direct investment and mutual fund certificates) indicate a strong upsurge in foreign interest. Net purchases of German shares by foreigners rose to 2.9 billion DM in 1978, from 1.8 billion DM in 1977.

German bankers, who handle all the stock market business in Germany, like to think that at least some of this increase is due to a greater interest on the part of large U.S. institutional investors, notably pension funds, in diversifying their portfolios by putting a small portion of their funds in foreign shares. Some of the big German banks have been carefully cultivating these investors for years and last year reported their first small successes in these efforts.

Another new factor that could

live up the German bourse is the possibility that more and more family-owned companies may go public. This goes against the grain of the proverbial German entrepreneur, who prefers to finance his company's growth through retained earnings and hold on to the managerial control and privacy of a private company. This attitude has resulted in firms like Bosch, Henkel, Grundig and Bertelsmann, which have sales in the billions but are still controlled by family members or foundations.

Leffers, Herlitz and Progresswerk,

as well as wider distribution of issues like Strabag and Mechanische Seiden, Viersen have gotten such favorable response in the past 18 months that many other family firms are reportedly considering the step to the stock exchange to obtain new funds. In March, Dresserwerk, a Lüneburg firm specializing in breathing-apparatus technology announced an issue of preferred shares. The company was tipped by several stock market newsletters as a classic growth issue, and banks reportedly received far more orders for the initial issue than could be filled. The number of future bourse candidates will depend in large measure on the market's overall performance, but the warm reception granted these few newcomers should be encouraging.

The attention of most domestic investors as well as those abroad, however, will continue to be focused on the blue chips. In March, many analysts found favorable comments for the Big Three chemicals — Bayer, BASF and Hoechst — whose earnings were considered likely to improve in spite of the higher costs resulting from oil price increases. Selected machinery issues, like Deutsche Babcock and Kloeckner-Humboldt-Deutz, also had their proponents. Quiet murmurs recommended steel issues Thyssen and Mannesmann. Siemens and the auto shares were less popular. Siemens suffered primarily from the reverses of its power-plant maker, Kraftwerk Union, in nuclear power projects in Iran and Brazil, but the company in general has lost some of its luster for analysts, who see it as too heavy and overextended. Auto shares suffered psychologically from the prospect of higher gasoline prices, even though Daimler is widely considered as undervalued, and Volkswagen is the very cheapest of German shares with a price-earnings ratio of only 4.

In fact, the market sniffed at VW's first step in its much-heralded diversification plan — the March takeover of Triumph-Adler — and marked down the VW price a few points. But some analysts do not exclude the possibility that the share will reach the 300 DM level tipped by the automaker's management, up from its end-March level of 228.80.

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# Courting the Business Traveler, Who May Become a Tourist

By Thomas C. Lucey

**FRANKFURT (IHT)** — Germany means business. And millions of travelers visit this country every year on business. They come to arrange contracts with companies turning out autos, chemicals, machinery, precision instruments and other products from the world's leading exporter.

Business travelers jet to West Germany from all parts of the world to attend trade fairs and congresses. Trade fairs here are the biggest in their fields for such widely diverse products as chemicals, furs, leather goods and toys.

The International Tourist Bourse, which has become one of the major gatherings for that very meeting-oriented industry, is not held in London or Paris but in West Berlin, one of the 10 busiest convention cities in the world. With the opening of the vast International Congress Center this month, West Berlin becomes even more attractive to the international business traveler.

## Diversions

For the busy business traveler, it is possible to do business here without actually touching the ground. Almost every day a few briefcases detach themselves from the swarms of briefcases moving through Frankfurt Airport passenger terminal and cross the bridge to the Sheraton Hotel. At the end of the day, briefcases cross the bridge again, move through the terminal and enter a jet to take them home. From landing to departure, the feet that move beneath the briefcases have walked through airport corridors and halls, across a bridge and through a hotel. They have never actually touched the ground.

However, most other travelers come here and never get down to business. They wander through castles and wine villages along the Rhine, hoist beer mugs in Munich's beer halls or put on evening clothes in the afternoon to attend a Wagner opera in Bayreuth.

For whatever reason all these people arrive here — business or pleasure or both — they are recorded as statistics under "overnight stays by foreign guests." Early estimates for last year, according to Guenther Spazier, director of the German National Tourist Board, place the overall number of over-



Guenther Spazier.

nights at 19.6 million. The trend has been upward, with the exception of a dip in 1974 to 15.3 million as the mid-70s recession took its toll. The rate of growth, however, slowed in 1977.

According to government statistics for January to November, 1978, the leading European visitors to Germany continue to be the Dutch, who last year also led the percentage climb, up by 12.4 percent over their 1977 figure (4.4 million). After the Dutch are the British, Belgians, Luxembourgers and French. Last year, the Swiss joined this group of visitors with at least 1 million overnight stays.

U.S. visitors continued to head the list of overnights by overseas guests, but the figure declined by 5.8 percent from 2.5 million in 1977. (The Bundesbank reported a 4.1-percent growth in income from tourists from the United States in the first three quarters of last year.) The second largest national group of visitors from overseas, the Japanese, increased last year by 3.8 percent over the figure in 1977 (455,207 overnights).

## Overnights

The difference of 2 million overnights between the first-place U.S. visitors and the second-place Japanese clearly shows why, despite the dollar drop, the United States remains such an important market for the German National Tourist Board. Other European countries also realize the importance of this

market. In all, about \$80 million to \$90 million a year is spent by the European travel industry on advertising in the United States.

If one fact shows how highly the Germans value U.S. tourists, it is this: about 6 million Deutsche marks is being spent to host this year's convention of the American Society of Travel Agents (ASTA) in Munich. For the high cost of providing six lavish days at token prices for the 6,000 active and allied ASTA members and about 2,000 accompanying guests, Munich and the rest of the country expects the U.S. travel agents to return home and send their paying customers here. The same hope motivates ASTA convention hosts from Dubrovnik to New Orleans.

How Munich became the site of this year's convention reads like a melodrama, with a tendency to become a farce. When Otto Hiebl, then head of the Munich Tourist Office, learned that ASTA did not have a host city for its 1979 convention but that the organization was about to have a meeting to announce the choice of the site of the gathering, Mr. Hiebl offered Munich. ASTA accepted and made the announcement.

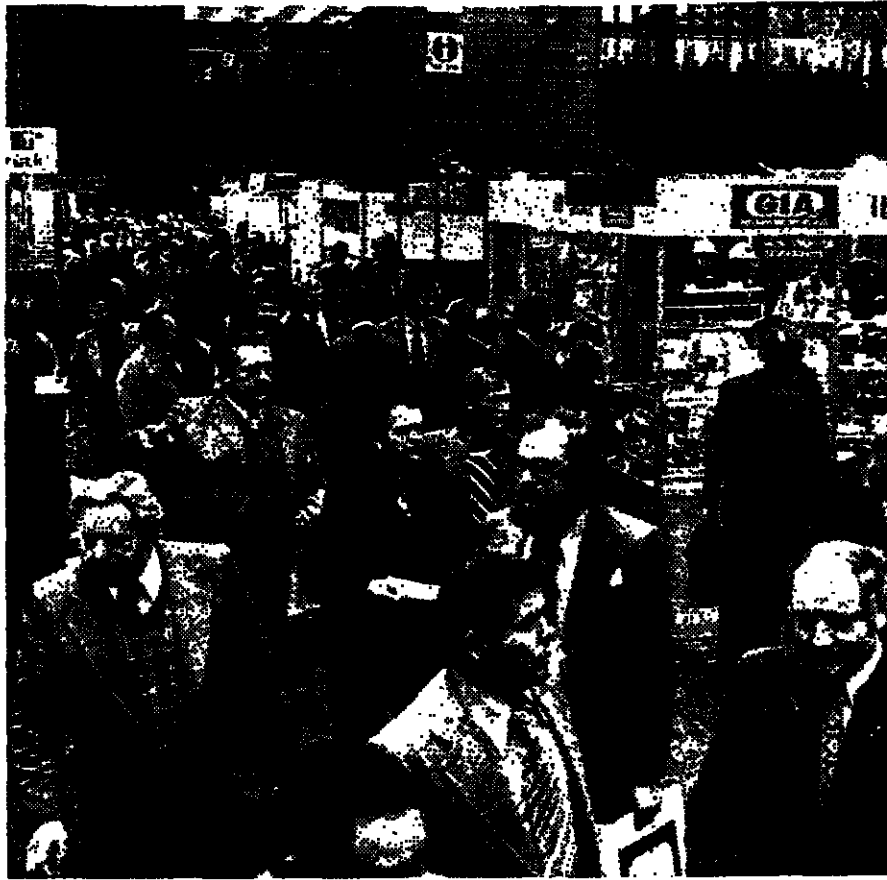
ASTA's critics say the world's biggest travel-trade group has increased difficulty finding hosts for its conventions because of the travel agents' insistence on first-class and luxury treatment.

## West Berlin

Since Munich alone could not cover all the costs, state and federal officials were asked for matching funds. Some officials resented that Mr. Hiebl had not consulted them beforehand (he said there had been no time to do so). Others pointed out that there was no money available in existing budgets. Economics Minister Count Otto Lambdorff was said to oppose a Bonn subsidy for the convention.

There was also sentiment that the first ASTA convention in this country should be held in West Berlin. (According to Mr. Hiebl, ASTA rejected West Berlin because of insufficient first-class and luxury hotel facilities.)

While officials involved were saying that their agency or department could not afford to become a co-host, they were also saying that Germany should not lose the convention.



Foreign business travelers (left) are still outnumbered by regular tourists.



Amid all this indecision, Mr. Hiebl announced he was leaving the position he had held for 17 years to take over the expanding travel operations of the Wienerwald chicken restaurants chain. And Munich had a new mayor, Erich Kiesl, the city's first non-Social Democrat since World War II. Mr. Kiesl had campaigned for reducing the city's budget.

As the time approached for ASTA's 1978 convention, when Munich would be formally and festively presented as the next host city, the drama developed subplots. A real fear grew that if Germany backed out, it would meet the fate of Mexico, against which ASTA members once mounted a successful travel boycott. Critical articles and commentaries about the Munich meeting appeared in the gener-

al as well as travel-trade German press. ASTA vice president Joseph Stone issued a statement through the Munich Tourist Office rebuking the German press for what he called its unfair criticism of Munich.

## Matching Amounts

Finally, the state of Bavaria agreed to cover about 25 percent of the costs, although it almost withdrew this offer when Bonn approved less than a matching amount. The mayor of Munich said the city would make up the missing funds and in October, 1978, flew to the ASTA convention in Mexico City (the boycott had ended).

Bavarian minister president Franz Josef Strauss will open the convention on Oct. 21, and one of

the circus-sized beer tents at the Oktoberfest will be left standing for the grand finale, a "Munich Evening," to close the gathering. Then the travel agents will be escorted on 53 tours around Germany and West Berlin so they can return with first-hand accounts — and possibly enthusiasm — to tell their customers what awaits them here.

A different approach to the North American market is the "Lively Months" campaign to promote travel to Germany from November through March. The ads show this country as a place for shopping for antiques, city sight-seeing, concert-going and museum visits.

"Great Britain has been able to show a great success with this strategy after efforts over many years,"

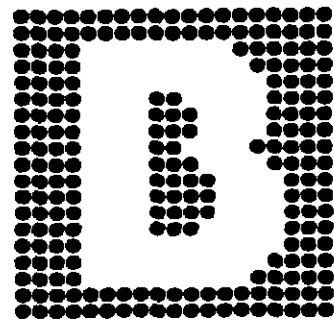
Mr. Spazier said. The director of the German National Tourist Board added: "We have decided to take similar action based on rather different premises . . . it is a long-range project that cannot be judged on the basis of one or two years' effort."

## Relaxation

The German Tourist Board sees the business traveler as a potential tourist. Twenty-five to 40 percent of foreigners entering Germany are estimated to be here on business trips. "Business trips often prepare the way for a chance to rest and relax as a tourist afterward and often with a number of other people," Mr. Spazier said.

The tourist board's efforts to ac-

for conventions, incentive travel and other group efforts has been turned over to the German Convention Bureau. (Incentive travel used by firms to reward employees with trips or vacations.) About the funding for this nonprofit and organizing agency based in Frankfurt comes from the board and Lufthansa, which considers the business traveler a prime target for passenger business. The Federal Railway (Bundesbahn) plus some convention-seeking, convention centers and also provide support. Despite strong competition from such popular conventions cities as Las Vegas the GCB has brought in 50 million DM in congresses and conferences since it was started in 1973.



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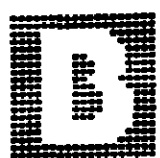
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# World's Leading Tourists Boost Nation's Travel Industry

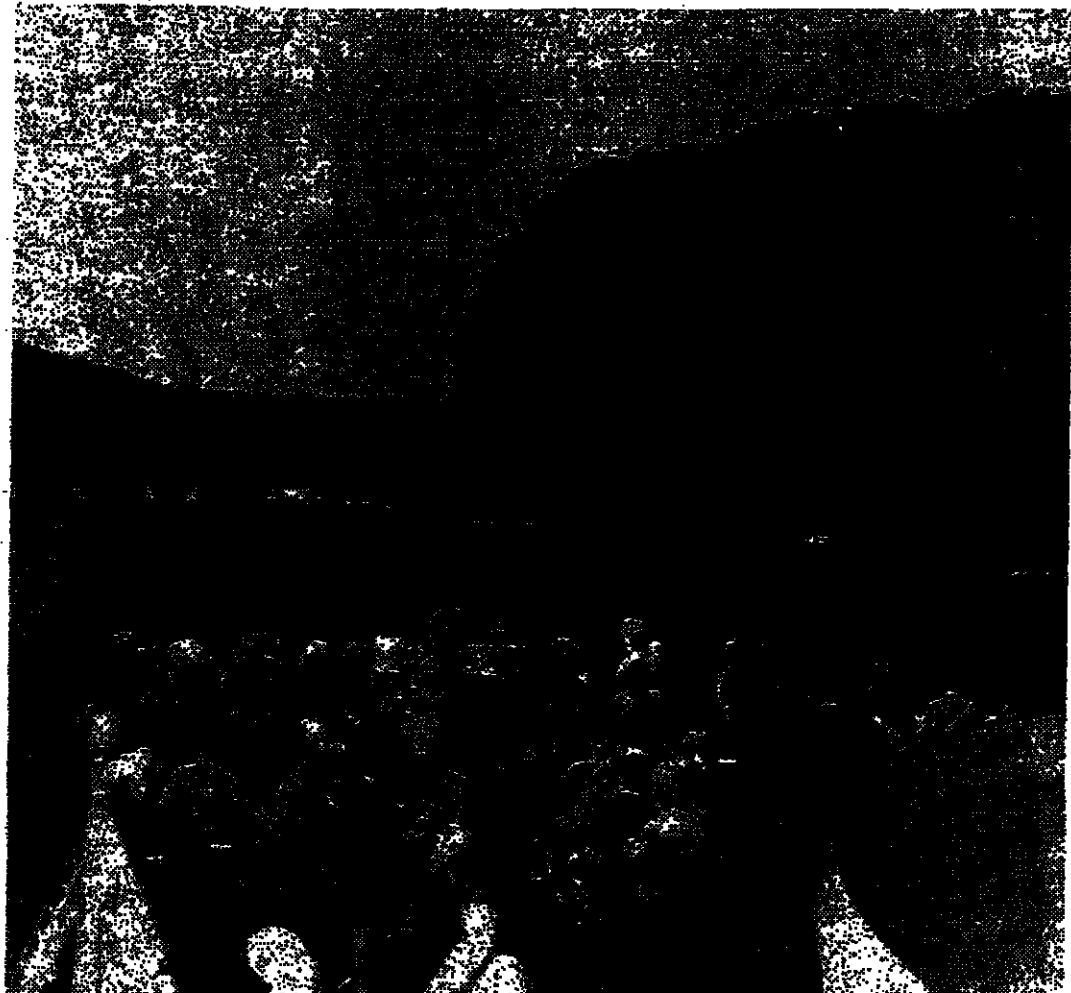
Frankfurt (IHT) — Around the world, Germans are known and praised as hard workers. However, few things rate higher than getting away from work. Three weeks of paid vacation are guaranteed every employee by law, and in practice, they enjoy four weeks or more. In addition, the calendar has a liberal allowance of religious holidays that are fully observed as days off. This free time provides ample opportunities for two major vacations a year. For October, 1977, to October, 1978, German travelers spent 9.5 billion Deutsche marks, nearly twice as much again for the same period last year, 17.9 billion DM. It was a 28-percent jump for the expenditure in the April-to-September period.

Unemployment, chronic recession, chronic employment — German labor laws no longer send unemployed compensation to London or Zurich — and the car-buying boom has cut into family budgets for vacation travel. But by 1977 the German traveler already showed a 11.6 percent increase over the previous year, when West Germans took Americans as the leading group of world tourists.

The trend this year continues upward. Touristik Union International, the biggest travel agency in the country, is reported to have sold more air-tour packages in the first weeks of 1979 than in the corresponding period last year. The prime destinations were the Mediterranean and overseas.

## Sea Cruises

Package tours no longer mean a long bus trip on dusty roads. This year, Jetours, a member of the German and Reisen group, is offering a 13-day stay at New York's Waldorf-Astoria Hotel in its catalog. Other package tours are being offered by all sizes of travel agencies. Jetours is offering a 13-day stay at New York's Waldorf-Astoria Hotel in its catalog. Other package tours are being offered by all sizes of travel agencies. Jetours is offering a 13-day stay at New York's Waldorf-Astoria Hotel in its catalog. Other package tours are being offered by all sizes of travel agencies.



Viewing legendary Loreley cliffs from Rhine River ship (left) appeals less to German tourists than ocean cruises to distant shores.

pected to be spent on this form of vacation travel, and most trips were said to be booked out by mid-February.

As a result of this boom, Hapag Lloyd is spending 169 million DM on a second cruise ship, Europa II, which will make its maiden voyage in the autumn of 1981. Europa II already has 1,800 reservations, enough to fill it completely for three trips.

While freight forwarding remains by far the principal activity for the parent company, Hapag Lloyd AG in Hamburg and Bremen, it is increasing its tourist business rapidly.

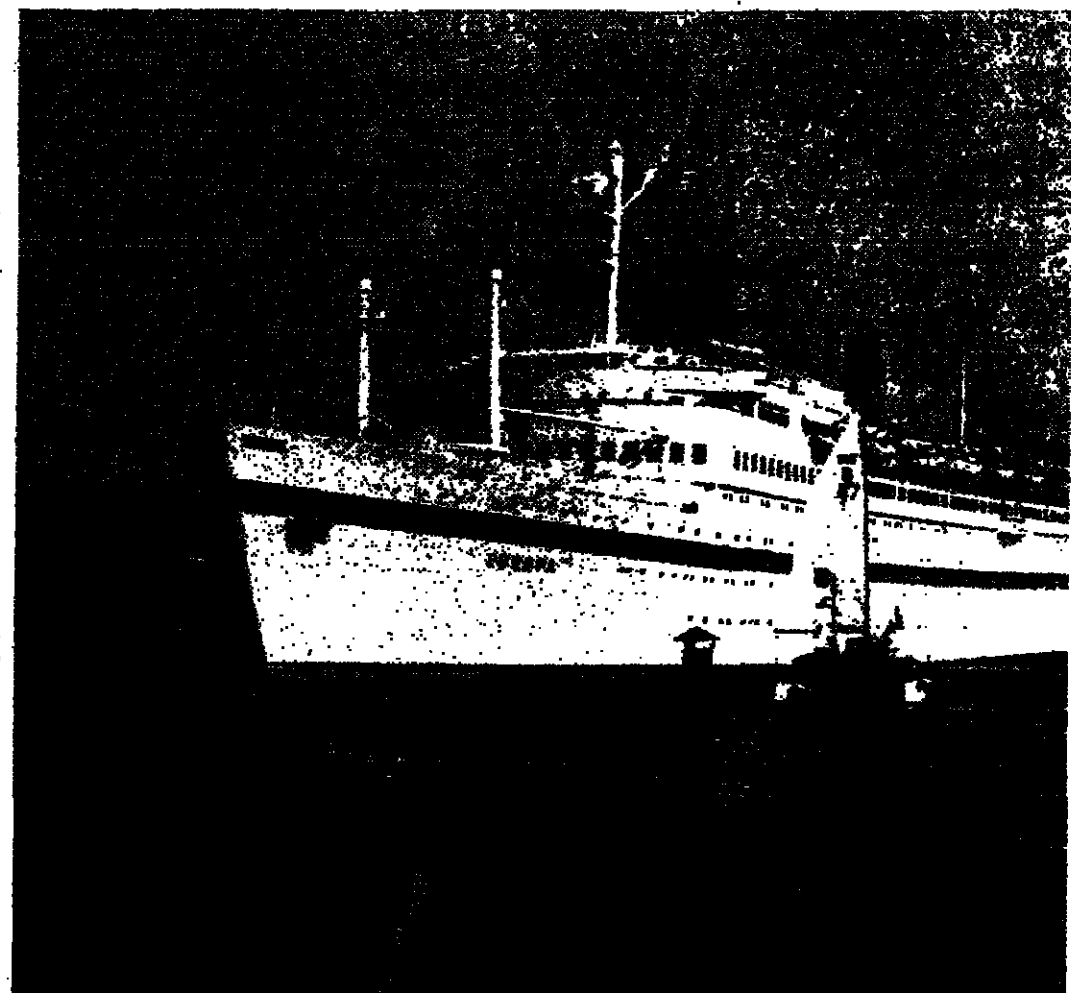
From 1976 to 1977, freight forwarding declined by about 10 percent to a total of 70 percent of all business, while tourism went up by the same amount, to 21.5 percent. In 1970, tourism's share was only 8 percent.

This change was due almost totally to the purchase in 1977 of Bavaria Germanair, a competitor of Lufthansa's bright orange jets. The acquisition of charter jets put more than 15 percent — and 366 million DM in revenue — of this traditionally seagoing company with its fleet of 33 freighters into air travel. Hapag Lloyd was immediately consid-

ered a strong challenger of Lufthansa as eventually a second regularly scheduled German airline. Hapag Lloyd makes no secret that this is its goal. When Lufthansa tried to stop the new giant's advance into air travel, Hapag Lloyd suggested the airline should consider going into shipping.

## Possible Violation

Hapag Lloyd's expansion was also seen as a possible violation of the law by the Federal Cartel Office in West Berlin. Earlier this year, the cartel office



al railway (Bundesbahn) and Hapag Lloyd.

In this atmosphere of top-heavy growth, any signs of new giants on the horizon immediately arouse suspicion — and fears — in the German travel industry. When the travel section of A.D.A.C., the German Automobile Club, and Gut Reisen announced last year that they were working together on the North Atlantic air charter market, they explained that this did not indicate a merger of the two organizations. Union-owned Gut Reisen had merged with Neckermann in 1977.

In order to get U.S. government approval of new routes to the United States for Lufthansa, Bonn agreed to a partial "open-skies" policy for U.S. airlines in Germany. About six U.S. carriers are now competing for business on the German market. They include Pan American and TWA — the long-standing U.S. airlines here — as well as National Airlines and Braniff. Some German observers do not expect all of them to survive here.

The German government supports its national carrier. Transportation Minister Kurt Gscheidle recently said: "Cheap prices in air travel that provide a momentary advantage and whose goal is only to eliminate competitors cannot be applauded. Approved airfares must be maintained and it must be seen that they are kept."

Are the fares being maintained? The cautious Frankfurter Allgemeine Zeitung earlier this year reported that a third of all airplane tickets sold here give illegal or at least semi-illegal discounts. These tickets enter what the newspaper called "the black and gray markets" as legitimate discount fares for students and other special arrangements. Tickets also come from Third World airlines with empty seats.

—T.C.L.

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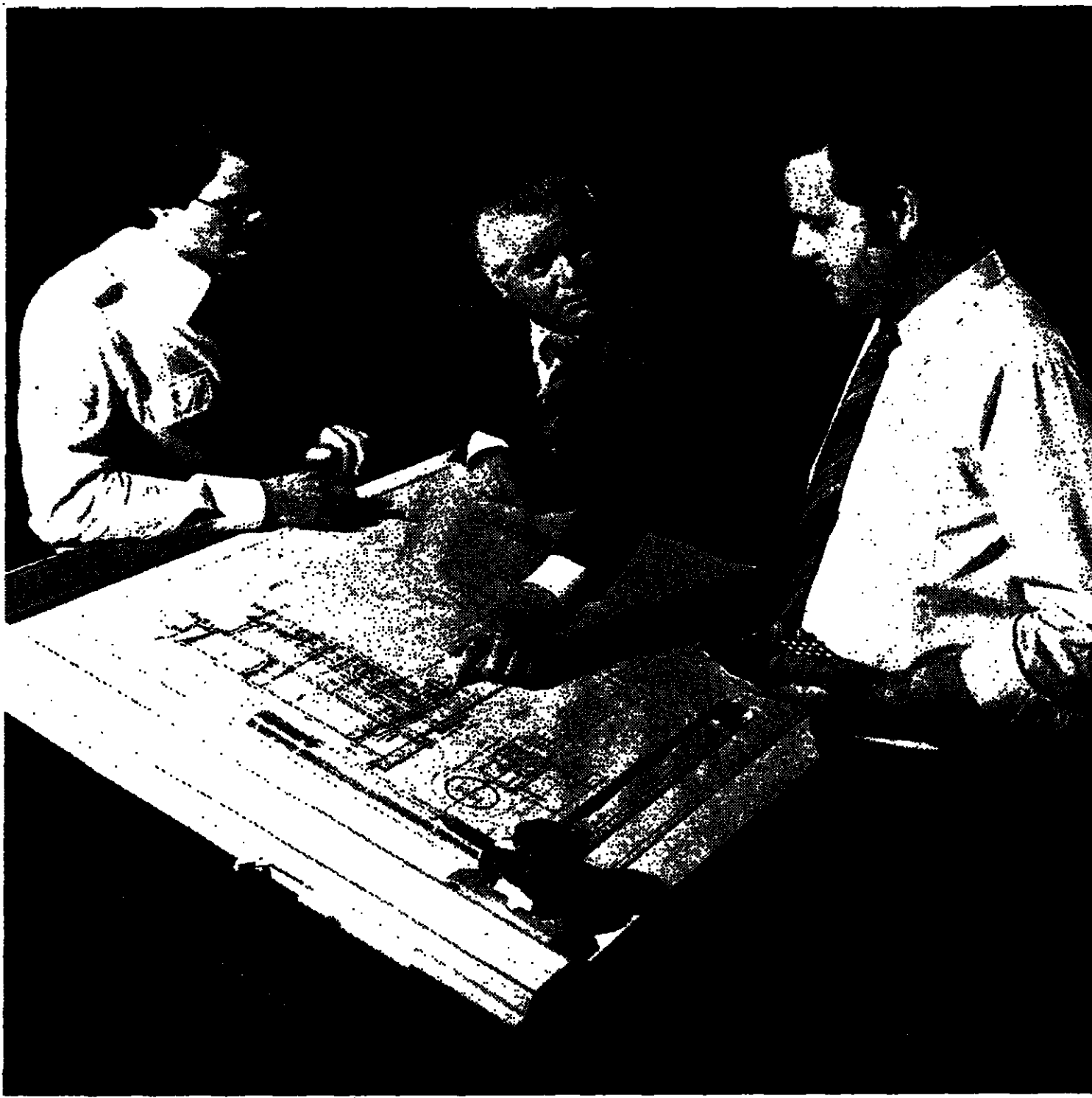
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